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# 62nd ANNUAL REPORT

1997-98

**ACC** The Associated  
Cement Companies  
Limited

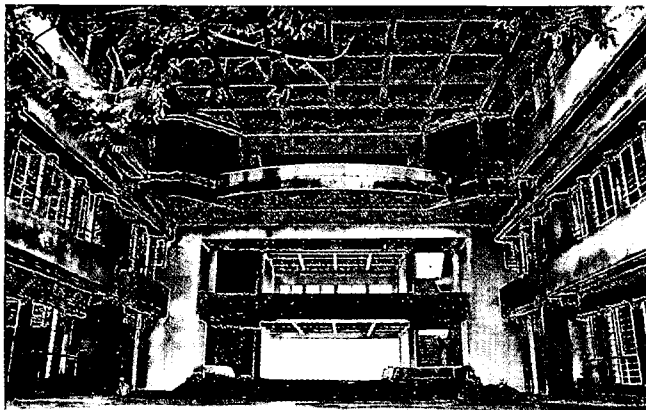
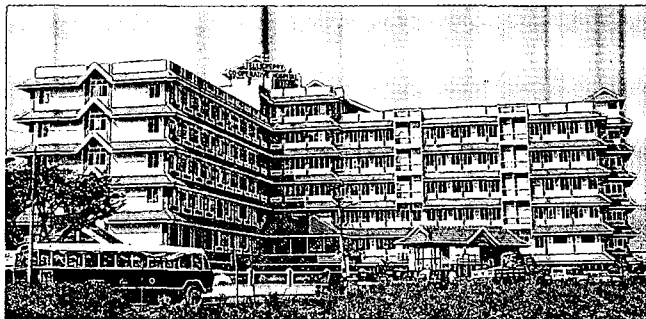
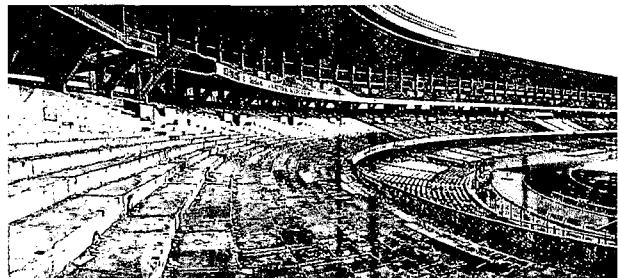
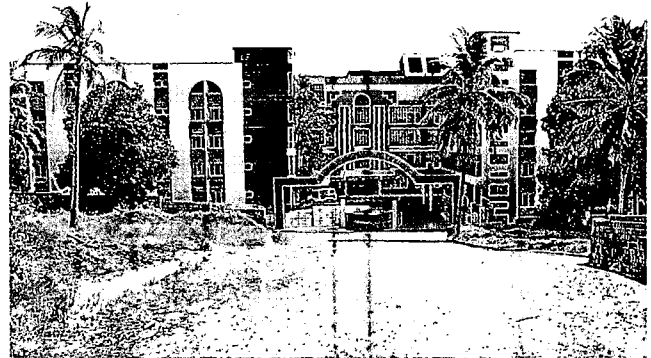
# THE CONCRETE Gallery

**S**INCE its very beginnings in 1936, leadership was thrust upon ACC. Initially, its role evolved even as the foundation stone was being laid for emerging India.

But leadership does not only mean staying on as No 1. It also means going beyond prescribed norms: whether in surpassing product performance parameters or developing new applications, new processes. Over the years, ACC has also emerged as the undisputed leader in R and D. Innovating. Creating. An ongoing quest for excellence.

**Some structures that have used ACC blended cements — portland pozzolana cement (PPC), and portland slag cement (PSC).**

*Clockwise from top : Iqraa International Hospital and Research Centre, (PPC), Calicut; ACC Regional Training Centre (PSC), Jamul; Salt Lake Stadium, (PSC) Calcutta; Metro Rail, (PSC) Calcutta; The Life Building, (PPC) Rajkot; Rajiv Gandhi Memorial Cooperative Hospital, (PPC) Tellicherry, Kerala.*





# ACC

## BANKERS

STATE BANK OF INDIA  
CENTRAL BANK OF INDIA  
BANK OF INDIA  
STATE BANK OF HYDERABAD  
STATE BANK OF BIKANER & JAIPUR  
CANARA BANK  
CITIBANK N.A.  
ANZ GRINDLAYS BANK  
THE HONGKONG & SHANGHAI  
BANKING CORPORATION LIMITED  
BANK OF AMERICA

## AUDITORS

MESSRS A.F. FERGUSON & CO.  
MESSRS K.S. AIYAR & CO.

## SOLICITORS

S. R. VAKIL  
MESSRS PAYNE & CO.  
MESSRS GAGRAT & CO.

## BOARD OF DIRECTORS

**Mr. N. A. Palkhivala**  
Chairman Emeritus

**Mr. Pallonji S. Mistry**  
Chairman

**Dr. S. Ganguly**  
Vice-Chairman

**Mr. T.M.M. Nambiar**  
Managing Director

**Mr. S. R. Vakil**

**Mr. P. K. Mistry**

**Mr. P. J. Jagus**

**Mr. N. A. Soonawala**

**Mr. O. P. Dubey**

**Dr. A. K. Chatterjee**  
Wholtime Director

**Mr. M. L. Narula**  
Wholtime Director

**Mr. P. K. Sinor**  
Wholtime Director & Company Secretary

**Mr. J. N. Godbole**  
Nominee Director of Industrial Development  
Bank of India

**Mr. Amitabha Ghosh**  
Nominee Director of Unit Trust of India

**Mr. B. Ramakrishna**  
Special Director nominated by  
State Government of Andhra Pradesh

**Mr. K. Jayabharath Reddy, IAS**  
Special Director nominated by  
State Government of Andhra Pradesh

## REGISTERED OFFICE

CEMENT HOUSE  
121, MAHARSHI KARVE ROAD,  
MUMBAI 400 020.

## ANNUAL REPORT OF SUBSIDIARY COMPANIES

ACC Machinery Company Limited  
The Cement Marketing Company of  
India Limited  
ACC-Nihon Castings Limited  
Bulk Cement Corporation (India) Limited  
Damodhar Cement and Slag Limited

## ANNUAL GENERAL MEETING

On Tuesday, August 25, 1998,  
at 3.45 p.m.  
at Birla Matushri Sabhagar,  
19, Sir Vithaldas Thackersey Marg,  
Mumbai 400 020

Members are requested to kindly  
bring their copies of the Annual Report  
to the Meeting.

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## THE ASSOCIATED CEMENT COMPANIES, LIMITED

### NOTICE

NOTICE IS HEREBY GIVEN THAT THE SIXTY-SECOND ANNUAL GENERAL MEETING OF THE ASSOCIATED CEMENT COMPANIES, LIMITED will be held at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020, on Tuesday, August 25, 1998 at 3.45 p.m. to transact the following business:—

1. To receive and adopt the Directors' Report and Audited Profit and Loss Account for the financial year ended March 31, 1998 and the Balance Sheet as at that date.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Pallonji S. Mistry who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Mr. S. R. Vakil who retires by rotation and is eligible for reappointment.
5. To appoint a Director in place of Mr. P. K. Mistry who retires by rotation and is eligible for reappointment.
6. To appoint a Director in place of Mr. P. J. Jagus who retires by rotation and is eligible for reappointment.
7. To appoint a Director in place of Dr. S. Ganguly who was appointed by the Board of Directors an Additional Director of the Company with effect from January 12, 1998 and who holds office upto the date of the forthcoming Annual General Meeting under Section 260 of the Companies Act, 1956, but who is eligible for reappointment and in respect of whom the Company has received notices in writing under Section 257 of the Act from some Members proposing his candidature for the office of Director.

#### APPOINTMENT OF ADDITIONAL DIRECTOR

#### RATIFICATION OF PAYMENT OF REMUNERATION TO DR. S. GANGULY, MR. T. M. M. NAMBIAR AND MR. M. M. RAJORIA

8. To consider and, if thought fit, to pass with or without modification the following Resolution as an Ordinary Resolution :—

"RESOLVED that pursuant to Section 309 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby ratifies and confirms the payment of remuneration amounting to Rs. 14,53,827 by the Company to Dr. S. Ganguly, former Executive Vice Chairman, Mr. T.M.M. Nambiar, Managing Director and Mr. M. M. Rajoria, former Wholtime Director of the Company for the financial year ended March 31, 1998 and subject to the approval of the Central Government, waives the recovery of the sum of Rs. 6,96,454 from Dr. S. Ganguly, Rs. 5,68,098 from Mr. T.M.M. Nambiar and Rs. 1,89,275 from Mr. M. M. Rajoria being the remuneration

**DISPOSAL OF CAPTIVE POWER PLANTS**

paid to them in excess of the statutory limits laid down under the Act and approves of the consequential retention thereof by them."

9. To consider and, if thought fit, to pass with or without modification the following Resolution as an Ordinary Resolution:—

"RESOLVED that pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Financial Institutions, Debenture Trustees, State Electricity Boards, State Governments and such other approvals, sanctions and permissions as may be necessary, the consent of the Company be and is hereby accorded to the Board of Directors to sell, lease, transfer or dispose of in any manner whatsoever the captive power plants of the Company, wherever situate whether existing or under construction together with the use of all licences, permits, approvals and all rights and benefits attached thereto to such purchaser(s), lessee(s) or assignee(s) at such time, for such consideration and on such terms and conditions as the Board of Directors may in their absolute discretion deem fit to be in the interest of the Company with full power and authority to the Board of Directors to do all such acts and things as may be necessary to give effect to this Resolution."

**PROVISION OF GUARANTEES AND SECURITIES**

10. To consider and, if thought fit, to pass with or without modification, the following Resolution as a Special Resolution:—

"RESOLVED that in supersession of Resolution No. 15 passed at the Fifty-Eighth Annual General Meeting of the Company held on August 24, 1994 and pursuant to Section 370 of the Companies Act, 1956 and other applicable provisions, if any, the consent of the Company be and is hereby accorded to the Board of Directors to give guarantees or provide securities in connection with a loan or loans made by any other person to, or to any other person by, any body corporate on such terms and conditions as the Board may think fit or expedient to be in the best interest of the Company, provided that the aggregate of all such guarantees given or securities provided and remaining outstanding at any time shall not exceed Rs. 100 crore (Rupees One hundred crore)."

**AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

11. To consider and, if thought fit, to pass with or without modification, the following Resolution as a Special Resolution:—

"RESOLVED that pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered in the following manner:

(A) Insert the following Article as Article 8A after Article 8

*'Buy Back of Shares*

8A Notwithstanding anything contained in these Articles, in the event it is permitted by law for a company to purchase its own shares or securities, the Board of Directors may, when and if thought fit, buy back such of the Company's own shares or securities as it may think necessary, subject to such limits, upon such terms



and conditions, and subject to such approvals, as may be permitted by the law.'

(B) Insert the following Heading and Article as Article 61A after Article 61

**'DEMATERIALISATION OF SECURITIES**

**Definitions**

61A 1. For the purpose of this Article:—

'Beneficial Owner' means a person or persons whose name is recorded as such with a depository;

'SEBI' means the Securities and Exchange Board of India;

'Depository' means a company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as a depository under the Securities and Exchange Board of India Act, 1992; and

'Security' means such security as may be specified by SEBI from time to time.

**Dematerialisation of Securities**

2. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.

**Options for investors**

3. Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificates of Securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

**Securities in depositories to be in fungible form**

4. All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.



***Rights of depositories  
and beneficial owners***

5. (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.
- (b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- (c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

***Service of documents***

6. Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

***Transfer of securities***

7. Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

***Allotment of securities  
dealt with in a depository***

8. Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

***Distinctive numbers of  
securities held in a  
depository***

9. Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

***Register and Index of  
beneficial owners***

10. The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles."



**BUY BACK OF  
SHARES / SECURITIES**

12. To consider and, if thought fit, to pass with or without modification, the following Resolution as a Special Resolution:-

"RESOLVED that if and when permitted by the law and subject to all applicable provisions of the law and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as the "Board" which expression shall also include a Committee thereof), or as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to or accepted by the Board, the consent of the Company be and is hereby accorded to the Board, to purchase such number of Ordinary Shares or other Securities specified by the Government, of the Company, as may be thought fit, from the holders of the Ordinary Shares or other Securities of the Company in such proportion and manner as may be permitted by the law not exceeding such percentage of the capital of the Company as may be permitted by the law, from such funds of the Company as are permitted to be used for this purpose or out of the proceeds of any issue made by the Company, on such terms and subject to such conditions as may be prescribed by the law.

"RESOLVED FURTHER that for the purpose of giving effect to this Resolution, the Board be and is hereby authorized to do all such acts and things and give such directions as may be necessary or desirable and to settle all questions or difficulties whatsoever that may arise with regard to the said purchase of Ordinary Shares or other securities.

"RESOLVED FURTHER that nothing herein above contained shall confer any right on any shareholder to offer, or any obligation on the Company or the Board to buy back, any Ordinary Shares or other securities."

**EMPLOYEES' STOCK  
OPTION SCHEME**

13. To consider and, if thought fit, to pass with or without modification, the following Resolution as a Special Resolution:-

"RESOLVED that in accordance with the provisions of Section 81 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof) and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as the "Board" which expression shall also include a Committee thereof), or as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to or accepted by the Board in its sole discretion, the consent of the Company be and is hereby accorded to the Board to create, offer, issue, allocate or allot, in one or more tranches, to such persons, who in the sole discretion of the Board, are in the permanent employment of the Company and to the Managing/Wholtime Directors of the Company, such number of Ordinary Shares of the Company of the face value of Rs. 100/- each, not exceeding such percentage of the capital of the Company as may be permitted by the law, as the Board may deem fit, for subscription for cash or allocated as an option to subscribe,



on such terms and at such price as may be fixed and determined by the Board prior to the issue and offer thereof in accordance with the applicable guidelines and provisions of law and otherwise ranking *pari passu* with the Ordinary Shares of the Company as then issued and in existence and on such other terms and conditions and at such time or times as the Board may, in its absolute discretion and in the best interest of the Company deem fit, provided that the aforesaid issue of Ordinary Shares may instead be in the form of fully or partly Convertible Debentures, Bonds, Warrants or other securities as may be permitted by the law, from time to time.

"RESOLVED FURTHER that the Board be and is hereby authorized to issue, allocate and allot such number of Ordinary Shares as may be required in pursuance of the above issue, and that the Ordinary Shares so issued, allocated or allotted shall rank in all respects *pari passu* with the existing Ordinary Shares of the Company save and except that such Ordinary Shares which may be with or without voting rights, if permitted by the law, shall carry the right to receive either the full dividend or a pro-rata dividend from the date of allotment, as may be decided by the Board, declared for the financial year in which the allotment of the Shares shall become effective.

"RESOLVED FURTHER that the consent of the Company be and is hereby granted in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 and subject to all necessary approvals to the Board to secure, if necessary, all or any of the above mentioned securities to be issued, by the creation of mortgages and/or charges on all or any of the Company's immovable and/or movable assets, both present and future in such form and manner and on such terms as may be deemed fit and appropriate by the Board.

"RESOLVED FURTHER that for the purpose of giving effect to the above, the Board be and is hereby authorized to determine the form and terms of the Issue, the Issue price and all other terms and matters connected therewith including the creation of mortgages and/or charges and to make and accept any modifications in the proposal as may be required by the authorities involved in such Issues and to settle any questions or difficulties that may arise in regard to the Issue."

#### REAPPOINTMENT OF AUDITORS

14. To consider and, if thought fit, to pass with or without modification, the following Resolution as a Special Resolution:-

"RESOLVED that Messrs A. F. Ferguson & Co. and Messrs K. S. Aiyar & Co., Chartered Accountants, be and are hereby reappointed Auditors of the Company for the financial year 1998-99 to hold office from the conclusion of the Sixty-Second Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration of Rs. 6.75 lakhs to each of them and that they also examine and audit the accounts of the factories and branch offices of the Company on a further remuneration to any one of them of Rs. 60,000 for each factory and overseas project, Rs. 25,000 for each branch office and Rs. 3,000 for each cement warehouse in India and that they be entitled to fees as agreed upon for any other consultation or certification work as may be required as also reimbursement of out-of-pocket, travelling and living expenses."

- Notes :** (a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
- (b) The Register of Members and Transfer Books of the Company will be closed from Wednesday, July 29, 1998 to Tuesday, August 25, 1998, both days inclusive.
- (c) The Dividend when sanctioned will be paid on and from Wednesday, September 2, 1998 to those shareholders whose names stand on the Register of Members on Tuesday, August 25, 1998.
- (d) The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Items 7 to 14 as set out above are annexed hereto.

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By Order of the Board,  
For THE ASSOCIATED CEMENT COMPANIES, LIMITED,

T.M.M. NAMBIAR  
Managing Director

Mumbai, June 24, 1998  
**Registered Office :**  
"Cement House"  
121, Maharshi Karve Road,  
Mumbai 400 020.



## EXPLANATORY STATEMENTS

The following Explanatory Statements as required by Section 173 of the Companies Act, 1956, set out all material facts relating to the business under Items 7 to 14 mentioned in the accompanying Notice dated June 24, 1998.

2. **Item 7 :** Consequent upon Dr. S. Ganguly, Executive Vice Chairman, demitting office on his retirement from the Company's services with effect from the close of January 11, 1998, the Board of Directors have appointed him Additional Director of the Company with effect from January 12, 1998. During his tenure of service, first as Executive Vice Chairman and Managing Director from November 1, 1988 to March 31, 1996 and later as Executive Vice Chairman with effect from April 1, 1996, the Company made substantial advances in various areas particularly with regard to technology upgradation, its expansion and modernisation programmes, research and development, refractories and advanced materials.

3. Notices under Section 257 of Companies Act, 1956 have been received from some Members signifying their intention to propose the appointment of Dr. S. Ganguly as Director of the Company. In view of his vast experience and distinguished career, the appointment of Dr. S. Ganguly and his continuance on the Board of Directors is eminently in the interest of the Company.

4. **Item 8 :** Shareholders will recall that pursuant to their approval, Agreements were entered into between the Company and Dr. S. Ganguly, former Executive Vice Chairman, Mr. T.M.M. Nambiar, Managing Director and Mr. M. M. Rajoria, former Wholtime Director, for payment of remuneration to them which *inter alia* provide under the 'Minimum Remuneration' clause that where in any financial year the Company has no profits or its profits are inadequate, the Company would pay them the remuneration by way of salary, perquisites and allowances specified in their respective Agreements.

5. Under Section 309 of the Companies Act, 1956 the payment of remuneration to the Managing/Wholtime Directors cannot exceed 10% of the net profits of a company as computed under Section 349 of the Act. The total managerial remuneration cannot exceed, under Section 198 of the Act, 11% of the net profits of a company. Under Section 309(5A) of the Act, any sums paid in excess of these statutory limits become refundable to the Company unless the Company waives recovery of the amount paid in excess of the limits and such waiver is approved by the Central Government. The remuneration paid to the abovementioned persons for the year ended March 31, 1998 was in excess of the statutory limits to the extent set out in the Resolution.

6. The Board is of the opinion that but for the major investments made by the Company in setting up additional capacities and modernising plants, both of which are in the interest of the Company as also in the national interest, the Directors would have received full remuneration, since the absence of profits under Section 349 of the Companies Act, 1956, is mainly on account of the method of calculation of depreciation on the basis of the Written Down Value Method as required under

Section 350 of the Act, resulting in provision for higher depreciation as compared to the depreciation provided in the books for the year 1997-98 on the basis of the Straight Line Method. The Board is of the view that the Directors should therefore be permitted to retain the salary, perquisites and allowances as per their respective Agreements approved by the Shareholders and paid to them during the financial year ended March 31, 1998 though it is in excess of the statutory limits to the extent set out in the Resolution. The Central Government's approval is also being sought to the retention by the Directors of the excess remuneration paid to them.

7. Shareholders' ratification, and confirmation of the payments made and to the waiver of recovery of the payment made to these Directors in excess of the statutory limits laid down in Sections 198 and 309 of the Act is requested. The Board commends the Resolution for acceptance by the Members.

8. Dr. S. Ganguly and Mr. T.M.M. Nambiar, Directors of the Company are concerned or interested in the Resolution.

9. **Item 9 :** The Company has significant captive thermal power generating facilities at Kymore (Madhya Pradesh) and Wadi (Karnataka). These facilities have been set up over the years to augment the power supplied by the State Electricity Boards. In addition, the Company is setting up two new thermal plants of 25MW each at Jamul and Kymore. With the completion of the thermal power plants at Jamul and Kymore, the Company's captive thermal generating capacity would reach a sizable magnitude of around 125MW. Dispersal of this large capacity has its own operational complexities requiring considerable management, time and effort which could be more constructively channelised in the Company's core activity of cement manufacture. Further, given the large funds requirement, any future investment in captive power by the Company would need to be structured on a Build, Own and Operate basis. In view of the above, a Memorandum of Understanding has been entered into with Tata Electric Companies (TEC) comprising of The Tata Power Company Limited, The Tata Hydro Electric Power Supply Company Limited and The Andhra Valley Power Supply Company Limited for sale of the power plants, both existing and under construction, on terms to be finalized, to TEC subject to all the requisite approvals being obtained. TEC are engaged in the business of generation and distribution of electricity for over 80 years and have the technical expertise to operate, maintain and manage power generating plants. The arrangement also envisages the supply of power by TEC to meet the Company's captive requirements in an efficient manner.

10. Section 293(1)(a) of the Companies Act 1956, provides that the Board of Directors shall not without the consent of the Company in general meeting sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company. Hence the Resolution at Item No. 9 is placed before the Shareholders for their approval.

11. The sale of the power plants to TEC is in the interest of the Company and the Directors commend the enabling Resolution at Item 9 of the Notice for acceptance.

12. Mr. Pallonji S. Mistry is a Director on the Board of Tata Hydro Electric Power Supply Co. Ltd., Mr. S. R. Vakil is a Director on the Board of The Tata Power Co. Ltd.





and Dr. S. Ganguly is a Director on the Board and Vice Chairman of the three companies comprising TEC. They may therefore be deemed to be concerned or interested in the Resolution at Item 9 of the Notice.

13. **Item 10** : Section 370 of the Companies Act, 1956 requires a Special Resolution to be passed at a general meeting authorizing the Directors to give guarantees or provide securities. At the Annual General Meeting held on August 24, 1994, a resolution had been passed authorizing the Board of Directors to give guarantees or provide securities in connection with a loan or loans to any body corporate, at any time not exceeding Rupees Sixty crore. This limit is sought to be increased to Rupees One hundred crore given the current needs of the expanding business activities of the Company.

14. The Resolution at Item 10 is in the interest of the Company and the Board commends the same for acceptance by the Members.

15. **Item 11** : At present, the Companies Act, 1956, prohibits the Company from purchasing its own shares and securities. It is proposed to introduce a new Article 8A in the Articles of Association as set out in the Resolution at Item No. 11(A) to enable the Company to purchase its own Ordinary Shares or securities as proposed in the Resolution at Item No. 12 in the event it is permissible by law.

16. With the introduction of the Depositories Act, 1996, and the Depository System, some of the provisions of the Companies Act, 1956, relating to the issue, holding, transfer, transmission of shares and other securities have been amended to facilitate the implementation of the new system. The Depository System of holding securities in an electronic form is a far safer and more convenient method for holding and trading in the securities of a company. Your Company was amongst the first few companies to enrol as a member of the National Securities Depository Limited (NSDL). Its securities can be dematerialized and it is, therefore, proposed that the Articles of Association of the Company be suitably altered, as set out in Resolution No. 11(B) to reflect the provisions introduced by the Depositories Act, 1996, and to spell out the rights of the beneficial owner of the securities in such a system.

17. The Board commends the Resolution at Item 11 for acceptance by the Members.

18. A copy of the Memorandum and Articles of Association of the Company together with the proposed alterations is available for inspection by the Members of the Company at its Registered Office between 11.00 a.m. and 1.00 p.m. on any working day of the Company.

19. **Item 12** : The Companies Act, 1956, presently prohibits a company from purchasing its own shares and securities. However, it is anticipated that the law may in future permit a company to buy back its own securities (buy back of securities).

20. Subject to the buy back of securities being legally permissible, it is proposed to enable the Company to buy back its Ordinary Shares or such other permissible securities not exceeding such percentage of the capital of the Company as may be



permitted by the law, from the Members of the Company from the open market or from the holders of odd lots, or from the holders of the Ordinary Shares that may be issued under the Employees' Stock Option Scheme or as permitted by the law. The buy back of Ordinary Shares or securities would be at the rate and from the funds permitted by law as set out in the Resolution.

21. The Resolution, if approved, will be operative for and will be given effect to within a period of 15 months from the passing of the Resolution or such other time limit laid down by the law.

22. The Directors commend the Resolution for acceptance by the Members.

23. **Item 13** : In the present competitive environment in the country and in the long term interest of the Company and its Shareholders, it is necessary that the Company adopts measures for attracting and retaining qualified, talented and competent personnel. Stock Option Schemes, designed to foster a sense of ownership and belonging amongst personnel, are a well-accepted approach to this end. It is, therefore, appropriate to consider introducing a Stock Option Scheme for such persons, who in the sole discretion of the Board, are in the Company's permanent employment and for its Managing/Wholtime Directors. The shares may be allotted directly to employees or allocated in accordance with a Stock Option Scheme framed in that behalf, in accordance with the provisions of the prevailing law. The proposed Resolution is designed to enable achievement of these objectives.

24. Section 81 of the Companies Act, 1956, provides *inter alia*, that whenever it is proposed to increase the Subscribed Capital of the Company by the allotment of further shares, such further shares shall be offered to the existing Shareholders of the Company in the manner laid down in the said Section, unless the Shareholders in General Meeting decide otherwise. The consent of the Shareholders is, therefore sought to authorize the Board of Directors to issue the Ordinary Shares or other securities in the manner set out in the Resolution at Item No. 13.

25. The Board commends the Resolution for acceptance by the Members.

26. Mr. T.M.M. Nambiar, Managing Director, Dr. A. K. Chatterjee, Mr. M.L. Narula and Mr. P.K. Sinor, Wholtime Directors of the Company, may be deemed to be concerned or interested in the Resolution at Item No. 13 of the Notice to the extent of the Ordinary Shares or other securities which may be offered/issued/allocated to them.

27. **Item 14** : Section 224 of the Companies Act, 1956, provides that in the case of a company in which not less than 25% of the subscribed share capital is held either singly or in any combination by Public Financial Institutions, Government Companies etc. the appointment or reappointment of an auditor of that company has to be made by a Special Resolution.

28. In the case of the Company, the holdings of the aforesaid bodies collectively exceed 25% of its subscribed share capital. Hence, a Special Resolution is required to be passed to reappoint Messrs. A.F. Ferguson & Co. and Messrs. K.S. Aiyar & Co., as the Company's Auditors on the terms and conditions contained in the Resolution.



29. As required under Section 224 of the Act, certificates have been received from the Auditors, that their appointments, if made, will be in accordance with the limits prescribed therein.

By Order of the Board,  
For THE ASSOCIATED CEMENT COMPANIES, LIMITED,

T.M.M. NAMBIAR  
Managing Director

Mumbai, June 24, 1998  
Registered Office :  
"Cement House"  
121, Maharshi Karve Road,  
Mumbai 400 020.



## Highlights

	<u>1997-98</u>	<u>1996-97</u>
	<b>Rupees Crore</b>	<i>Rupees Crore</i>
Gross Revenue	2484.73	2527.26
Profit before tax	15.44	88.92
Profit after tax	13.44	76.92
Dividend	22.61	45.21
Capital Employed	2439.44	1945.49
Net Worth	956.59	1001.51
Borrowings	1452.44	916.25
Debt : Equity Ratio	1.55	0.94
Book Value per Share at year end	Rs. 698.18	Rs. 730.96*
Earnings per share	Rs. 9.81	Rs. 62.00**
Dividend per share	Rs. 15	Rs. 30
Employee (Numbers)	13018	14798
Shareholders (Numbers)	135021	121461

\* Calculated on the number of Shares including Shares issued  
 \*\* Calculated on effective capital



## DISTRIBUTION OF SHAREHOLDING

NUMBER OF SHAREHOLDERS  
AND SHARES HELD  
AS ON MARCH 31

		1998		1997	
		Number of Shareholders	Number of Shares held	Number of Shareholders	Number of Shares held
1 to 10	Shares	76,147	3,80,260	64,619	3,04,454
11 to 25	Shares	29,196	4,95,097	27,794	4,65,316
26 to 50	Shares	13,074	4,85,962	12,269	4,53,611
51 to 100	Shares	8,294	5,95,932	8,126	5,80,908
101 Shares and Over		8,310	1,17,43,990	8,653	1,18,96,952
<b>TOTAL</b>		<b>1,35,021</b>	<b>1,37,01,241</b>	<b>1,21,461</b>	<b>1,37,01,241</b>

		1998		1997	
		Number of Shareholders	Number of Shares held	Number of Shareholders	Number of Shares held
(a)	Individuals	1,33,459	52,35,010	1,19,139	56,24,402
(b)	Corporate Shareholders				
(i)	Foreign Institutional Investors	62	11,19,240	42	8,43,744
(ii)	Financial Institutions	7	35,64,281	7	37,05,970
(iii)	Others	1,486	30,04,663	2,266	27,55,023
(c)	Government and Government Undertakings	7	7,78,047	7	7,72,102
<b>TOTAL</b>		<b>1,35,021</b>	<b>1,37,01,241</b>	<b>1,21,461</b>	<b>1,37,01,241</b>
Percentage of Shares held by Government and Government Undertakings			5.68		5.64

## EQUITY SHARE AND OTHER DATA

Company's Financial year	1997-98	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92	1990-91	1989-90	1988-89
1. Net Sales per Share	Rs. 1813.51	1844.55	2829.33	2478.05	2330.87	1995.10	2593.53	2101.74	1771.03	258.50
2. Earnings per Share*	Rs. 9.81	62.00#	273.96#	184.29#	72.76	88.80	246.48	216.76	41.34	4.54**
3. Earning-Price Ratio	% 0.68	3.97	7.69	4.56	2.19	3.51	3.20	10.22	10.92	1.51
4. Dividend	% 15	30	70	50	30	30	30	30	15	—
5. Yield	% 1.03	1.92	1.96	1.24	0.90	1.19	0.39	1.42	3.96	—
6. Debt-Equity Ratio	1.55	0.94	0.68	1.26	1.70	1.50	1.06	1.14	2.04	2.31
7. Current Ratio	1.92	1.66	1.60	1.42	1.50	1.78	1.70	1.75	1.62	1.54
8. Book Value per Share	Rs. 698.18	730.96	1100.50	698.24	522.87	474.56	587.35	419.80	250.63	236.11
9. Market Price of Share										
(a) High	Rs. 1725	4225	4225	5020	3890	10500	9200	2690	414	425
(b) Low	Rs. 1010	907	2440	3075	1580	2025	2105	412	230	128

Note : 3 and 5 is calculated based on average market price as at the end of the year.

\* Before consideration of Extraordinary item.

\*\* Pertains to 8-month Period.

# On Weighted Average Basis.



# CONSOLIDATED STATEMENT OF INCOME

Year	Rated Capacity	Pro-duction	Gross Revenue	Employee Cost	Other Expenses	Depre-ciation	Interest on Borrow-ings	Provision for Taxation	Amount (4-5 to 9)	INCOME Percentage of Gross Revenue	Per Share	Dividends	Retained Profit (10-13)
(1)	(2) Lakh Tonnes	(3) Lakh Tonnes	(4) Rs. Crore	(5) Rs. Crore	(6) Rs. Crore	(7) Rs. Crore	(8) Rs. Crore	(9) Rs. Crore	(10) Rs. Crore	(11)	(12) Rs.	(13) Rs. Crore	(14) Rs. Crore
1963-64	44	43	39	7	23	3	1	2	3	6.90	14.18	2	1
1964-65	44	43	42	8	26	2	1	2	3	6.31	12.94	2	1
1965-66	45	44	51	8	31	3	2	3	4	7.46	15.95	2	2
1966-67	50	45	56	9	34	4	2	3	4	7.93	18.83	3	1
1967-68	51	46	57	11	34	4	3	1	4	6.35	15.38	3	1
1968-69	57	48	65	11	42	5	3	—	4	5.91	13.41	3	1
1969-70	62	52	77	12	49	5	3	—	8	10.43	28.14	3	5
1970-71	67	55	83	13	55	5	3	2	5	6.34	18.47	3	2
1971-72	67	54	83	14	58	4	3	1	3	3.59	10.52	3	—
1972-73	67	53	85	15	62	4	3	—	1	1.18	3.51	2	-1
1973-74	67	53	92	18	66	4	3	—	1	0.66	2.11	—	1
1974-75	68	58	125	22	87	4	3	2	7	5.21	22.89	4	3
1975-76	68	63	139	23	103	4	4	1	4	2.59	12.65	3	1
1976-77	71	64	146	24	104	4	3	5	6	3.93	20.14	4	2
1977-78	71	65	151	26	107	5	2	4	7	4.86	25.81	4	3
1978-79	71	63	161	30	114	5	3	3	6	3.52	19.89	5	1
1979-80	75	53	170	32	126	6	5	—	1	0.44	2.22	3	-2
1980-81	75	59	209	36	156	7	8	—	2	0.94	5.89	3	-1
1981-82	75	62	356	43	260	10	10	1	32	8.88	95.30	5	27
1982-83	80	65	502	58	362	23	16	3	40	8.01	120.97	7	33
1983-84	87	72	608	66	460	31	30	—	21	3.49	63.79	7	14
1984-85	88	74	709	76	554	31	35	—	13	1.89	40.38	7	6
1985-86	88	79	753	76	603	30	35	—	9	1.14	21.60	7	2
1986-87	88	79	760	79	613	33	35	—	—	0.04	0.83	4	-4
1987-88	85	78	798	88	634	34	35	—	7*	0.86*	13.45*	4	3*
1988-89@	57	53	554	55	447	24	25	—	3*	0.45*	4.54*	—	3*
1989-90	76	74	991	86	790	40	48	4	23*	2.33*	41.34*	8	15*
1990-91	76	74	1176	84	876	40	35	20	121*	10.31*	216.76*	17	104*
1991-92	76	77	1451	85	1042	43	42	103	136*	9.37*	246.48*	17	119*
1992-93	80	75	1563	107	1275	44	57	10	70	4.48	88.80	24	46
1993-94	80	77	1684	115	1414	35	63	—	57*	3.38*	72.76*	24	33*
1994-95	95	85	2122	124	1728	43	82	1	144	6.80	184.29**	39	105
1995-96	99	89	2423	152	1825	63	98	60	225	9.29	273.96**	58	155
1996-97	99	90	2527	162	2079	79	118	12	77	3.05	62.00**	45	32
1997-98	101	89	2485	167	2098	86	119	2	13	0.52	9.49	23	-10

\* Before consideration of Extraordinary items.

@ Pertains to 8-month period.

\*\* On Weighted Average Equity.





## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

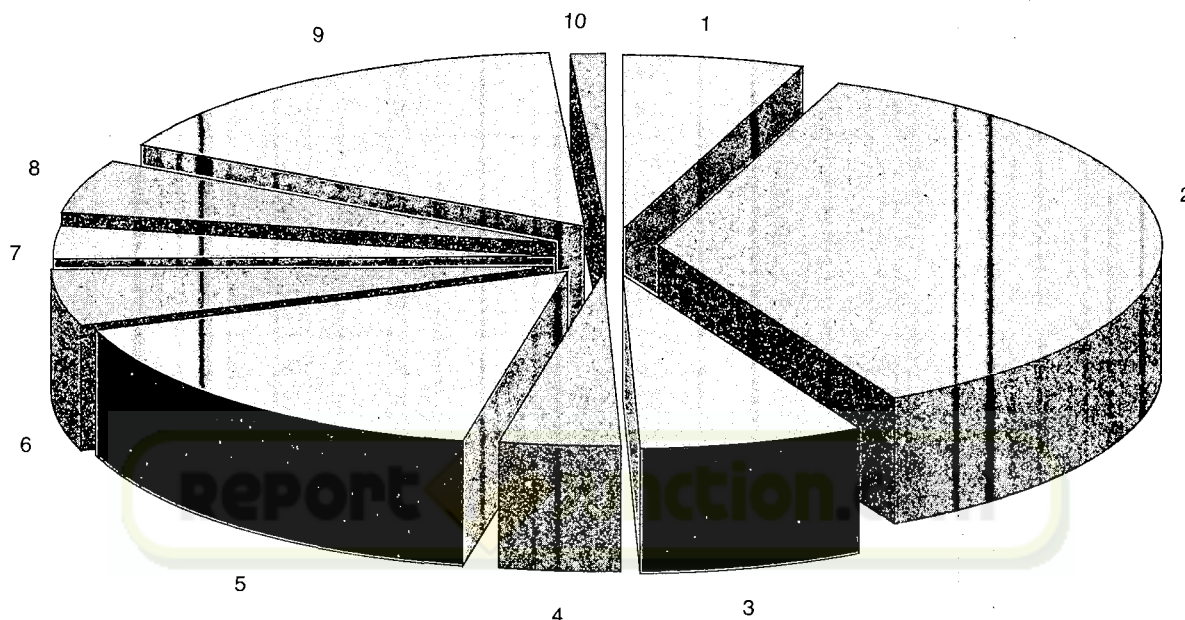
Year	Cash and Securities	WORKING CAPITAL Receivables and Inventories	Less Current Liabilities	Total (2+3-4)	Net Block	Investments	Other Non-Current Assets	Total Assets Less Current Liabilities (5+6+7+8)	Borrowings	Reserves and Surplus	Share Capital
(1)	(2) Rs. Crore	(3) Rs. Crore	(4) Rs. Crore	(5) Rs. Crore	(6) Rs. Crore	(7) Rs. Crore	(8) Rs. Crore	(9) Rs. Crore	(10) Rs. Crore	(11) Rs. Crore	(12) Rs. Crore
1963-64	3	21	14	10	30	4	—	44	15	10	19
1964-65	—	23	12	11	32	5	3	51	22	9	20
1965-66	—	26	17	9	38	5	3	55	24	7	24
1966-67	—	34	19	15	43	5	2	65	31	10	24
1967-68	1	34	22	13	52	5	2	72	37	11	24
1968-69	2	38	22	18	55	5	1	79	39	12	28
1969-70	1	42	24	19	55	5	1	80	34	18	28
1970-71	1	47	28	20	54	5	1	80	32	20	28
1971-72	1	53	32	22	53	5	1	81	34	19	28
1972-73	1	57	35	23	53	5	2	83	37	18	28
1973-74	1	55	38	18	53	5	2	78	32	18	28
1974-75	1	63	50	14	50	5	6	75	26	21	28
1975-76	1	55	40	16	52	8	4	80	31	21	28
1976-77	3	52	53	2	53	8	4	67	17	22	28
1977-78	4	60	61	3	59	11	2	75	22	25	28
1978-79	2	68	63	7	68	9	2	86	32	26	28
1979-80	1	88	74	15	90	9	2	116	63	20	33
1980-81	2	93	90	5	137	9	1	152	100	19	33
1981-82	6	112	118	—	207	10	1	218	134	51	33
1982-83	3	139	138	4	265	10	—	279	160	86	33
1983-84	6	184	148	42	304	10	1	357	231	93	33
1984-85	12	199	160	51	318	10	1	380	242	105	33
1985-86	6	207	174	39	343	10	1	393	242	111	40
1986-87	13	211	181	43	337	11	2	393	245	107	41
1987-88	8	255	186	77	336	11	3	427	266	105	56
1988-89	12	300	202	110	336	3	5	454	317	81	56
1989-90	30	305	207	128	305	3	5	441	296	89	56
1990-91	30	345	214	161	289	56	3	509	271	182	56
1991-92	42	555	352	245	321	115	2	683	352	275	56
1992-93	60	686	419	327	481	122	1	931	559	294	78
1993-94	81	609	459	231	745	133	—	1109	699	332	78
1994-95	74	624	493	205	961	184	—	1350	752	515	83*
1995-96	51	906	597	360	1089	133	—	1582	639	858	85
1996-97	51	779	500	330	1435	181	1	1947	944	867	137**
1997-98	66	820	462	424	1827	189	36	2476	1483	856	137

\* Includes Share Allotment Money Rs. 2.95 Crores.

\*\* After issue of Bonus Shares in the ratio of 3:5



## How each rupee earned has been spent during 1997-98



1 ☐ Trading Purchase Rs.142.59 crore (6%)

3 ☐ Employee cost Rs. 167.04 crore (7%)

5 ☐ Freight and transportation Rs. 402.36 crore (16%)

7 ☐ Depreciation Rs. 85.51 crore (3%)

9 ☐ Taxes and Duties Rs. 408.13 crore (16%)

2 ☐ Manufacturing and other expenses Rs. 905.75 crore (37%)

4 ☐ Repairs and maintenance Rs. 105.74 crore (4%)

6 ☐ Selling and other expenses Rs. 135.03 crore (5%)

8 ☐ Interest on borrowed funds Rs. 119.14 crore (5%)

10 ☐ Dividend Rs. 22.61 crore (1%)\*

\* Rs. 15.55 crore drawn from Profit & Loss account brought forward from previous year



## DIRECTORS' REPORT ▼

TO THE MEMBERS OF THE ASSOCIATED CEMENT COMPANIES, LIMITED

The Directors hereby present their Sixty-Second Annual Report on the business and operations of the Company and the Financial Accounts for the year ended March 31, 1998.

## 2. FINANCIAL RESULTS

	This year		Previous year	
	Rs. Crore	Rs. Crôre	Rs. Crore	Rs. Crore
Sale of products and other income .....		<u>2,484.73</u>		<u>2,527.26</u>
Profit before depreciation, interest and tax .....		220.09		286.56
Depreciation .....	85.51		79.35	
Interest .....	<u>119.14</u>		<u>118.29</u>	
		204.65		197.64
Profit before tax .....		15.44		88.92
Tax .....		2.00		12.00
Profit after tax .....		13.44		76.92
Prior years' provision for tax .....	—		1.93	
Debenture Redemption Reserve .....	<u>5.00</u>		<u>5.00</u>	
		5.00		6.93
Profit before Reserves .....		8.44		69.99
Balance brought forward from previous year .....		56.32		41.86
Amount available for appropriations .....		64.76		111.85
<b>Appropriations :</b>				
General Reserve .....	1.00		10.00	
Amortisation Reserve .....	0.38		0.32	
Proposed dividend .....	20.55		41.10	
Tax on distributed profits .....	<u>2.06</u>		<u>4.11</u>	
		23.99		55.53
Balance carried forward to the next year's account		<u>40.77</u>		<u>56.32</u>



### 3. DIVIDEND

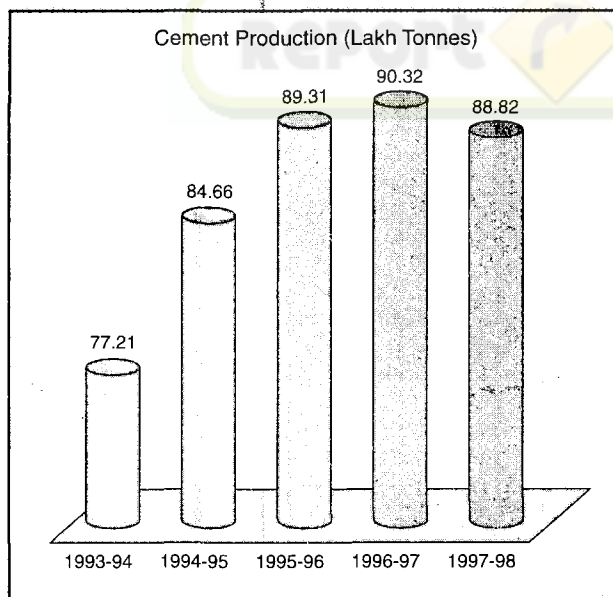
3.1 Due to lower profits during the year, your Directors recommend a reduced dividend of Rs. 15 per share aggregating to Rs. 23 crore (including tax on dividend) as compared to Rs. 30 per share aggregating to Rs. 45 crore in the previous year.

### 4. OPERATIONS

#### 4.1 Cement

4.1.1 Clinker production for the year was 7.47 million tonnes as compared to 7.46 million tonnes for the previous year.

4.1.2 The production of cement for the year was 8.88 million tonnes as compared to 9.03 million tonnes for the previous year. This was mainly due to production being restricted at certain plants due to unremunerative selling prices.



4.1.3 Sale of cement during the year excluding traded materials was 8.87 million tonnes as against 9.05 million tonnes during the previous year. Sale of traded cement was 0.55 million tonnes as compared to 0.62 million tonnes in the previous year. Export of cement was 0.19 million tonnes as against 0.25 million tonnes in the previous year. The marginal reduction in the sales and exports was mainly attributable to sluggish market

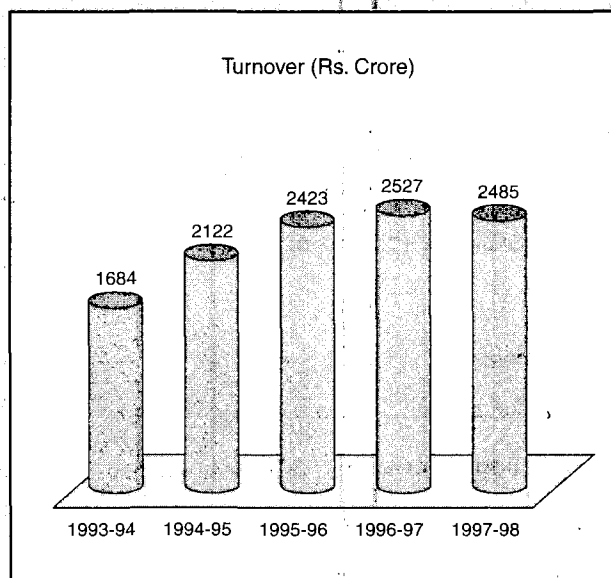
conditions which continued to prevail throughout the year.

#### 4.2 Refractories

4.2.1 The total sale of refractory products including captive requirements crossed 1.19 lakh tonnes during the year as compared to 1.13 lakh tonnes in the previous year. The new facilities at Nagpur helped in introducing a set of new generation refractory products in the market place which contributed to the Company continuing to retain its premier position in basic monolithic refractories despite significant slow down in offtake by two major consuming sectors viz. Steel and Cement. Further, due to the emphasis on high value added products, the Company was able to achieve a 11% increase in its sales value from refractory business.

### 5. TURNOVER AND PROFIT

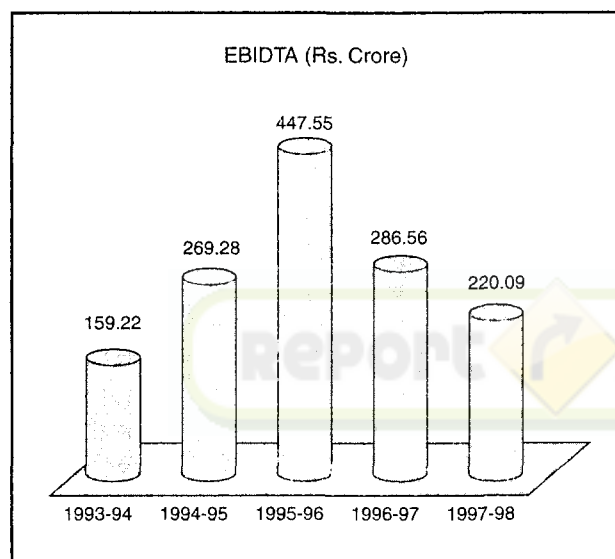
5.1 The overall income for the year 1997-98 was Rs. 2484.73 crore as compared to Rs. 2527.26 crore in the previous year. The profit before depreciation, interest and taxes was lower at Rs. 220.09 crore as against Rs. 286.56 crore in the



previous year. The profit after tax was Rs. 13.44 crore as against Rs. 76.92 crore in the previous year. The Company's core business of cement suffered grievously during the second half of the financial year due to unremunerative cement

prices. This arose directly out of significant supply overhang and continuing economic slow down in the country. The net sales realisation of cement for the year was 7% lower than the previous year bringing down the operating profit by 24%.

5.2 The adverse impact on cement business on account of unremunerative prices was to an extent offset by strict control on both variable and fixed costs. Significant improvements in all major operating parameters like power, coal, stores and manpower costs were achieved. These measures



enabled the Company to hold down its costs to the levels in the previous year notwithstanding the major inflationary impact in the critical input costs. Similarly through effective treasury management the cost of capital employed by the Company was reduced significantly.

5.3 The other income of the Company during the year includes profit on sale of Slag Granulation Plant to TISCO and surplus assets at Bhupendra, Lakheri and Kymore Plants. It also includes the write back of provisions of Himachal Pradesh Barrier Tax relating to previous years no longer required.

## 6. OVERSEAS OPERATIONS

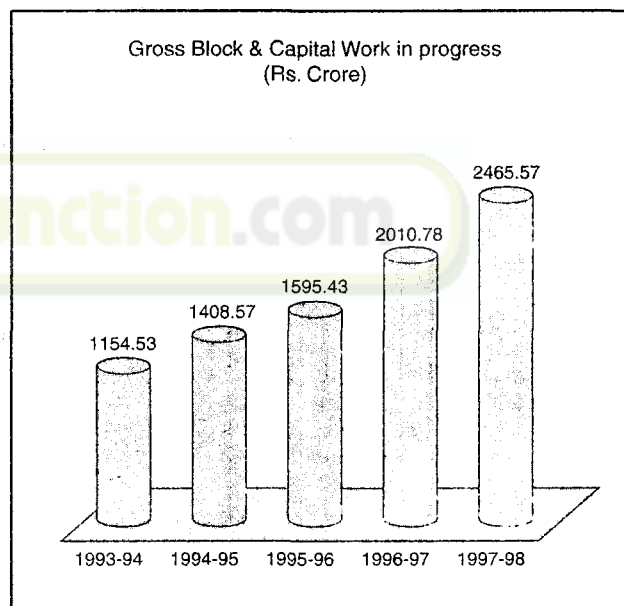
6.1 The Company has been operating and managing, for the past 18 years Cement Plants owned by Yanbu Cement Company, Saudi Arabia. The Company has achieved higher than the guaranteed production for the last eight

consecutive years and has received the highest bonus of Rs. 1.45 crore during the year.

## 7. NEW PROJECTS AND MODERNISATION

7.1 The existing wet process kilns at Lakheri were replaced by an efficient Dry Process kiln which has resulted in an increase in capacity from 0.32 MTPA to 0.4 MTPA. This unit went into commercial production from December 1, 1997.

7.2 The new 1.2 MTPA clinkering facility at Kymore which was mechanically completed during the year has gone into commercial production from May 1, 1998.



7.3 The project at Sindri for modernisation and augmentation of grinding capacity to 0.6 MTPA has been commissioned during April 1998.

7.4 The new Portland Pozzolana cement grinding unit of 0.6 MTPA capacity is under implementation at Tikaria in Uttar Pradesh and is nearing completion. This will be the first manufacturing unit of your Company in Uttar Pradesh.

7.5 The new larger capacity (120 TPH) grinding mill being added at Madukkarai is also nearing completion.

7.6 Two Captive Power Plants with a capacity of 25 MW each being put up at Kymore and Jamul





are nearing completion and are expected to be completed and commissioned during the first half of 1998-99. After completion of these plants, the Company would have insulated itself upto 80% of its power requirements.

## 8. DISPOSAL OF PLANTS

8.1 Consequent to the expiry of its contract with Tata Iron & Steel Co. Ltd. (TISCO) the Company sold its Slag Granulation Plant at Jamshedpur which was located within TISCO's premises to it at an agreed price based upon the valuation of its assets carried out by an independent valuer. The agreement also included the workmen being absorbed by TISCO.

8.2 As mentioned in the earlier report due to depleted reserves of limestone and restrictions imposed on carrying out the mining activities in forest areas, the operations at Bhupendra Cement Works were discontinued during the year. All workmen were given compensation under a mutually agreed Early Separation Scheme. The Plant and Machinery which could not be used in other works have been disposed of.

8.3 With the completion of the Jamul and Kymore power plants currently under implementation, the Company's captive thermal generating capacity would reach a sizeable magnitude of around 125 MW. As this dispersal of capacity has its own operational complexity, requiring considerable management, time and effort, and with a view to channelising the same more constructively in its core activity of cement manufacture, it has been decided to hive off the existing power facilities. Moreover, it would be desirable that all future investments in captive power by the Company be structured on a 'Build, Own and Operate' basis, given the large funds required for the same. In this connection, a Memorandum of Understanding has been entered into with Tata Electric Companies (TEC) which is the largest power utility in the private sector, for sale of the Company's existing thermal generating facilities to it, on terms to be finalized, starting initially with the facilities at Jamul, Kymore and Wadi subject to obtaining requisite approvals from all the concerned authorities. The arrangement envisages the supply of power by TEC to meet the Company's captive requirements in the most efficient manner. A suitable enabling resolution to give effect to this proposed transaction has been included at item 9 of the Notice.

## 9. RESEARCH & CONSULTANCY DIRECTORATE

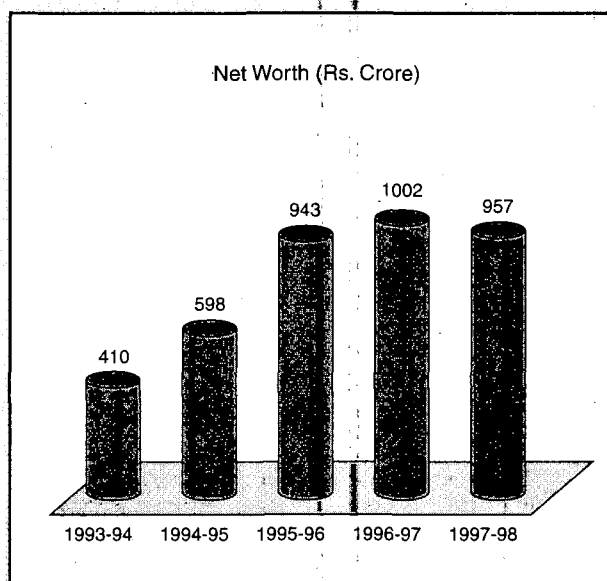
9.1 The business of Research & Consultancy Directorate grew by 36% over the previous year.

9.2 With all the six plants of Ready Mix Concrete (RMC) located in and around the three metropolitan cities of Mumbai, Bangalore and Calcutta being operational, the income from RMC sales more than tripled as compared to the previous year despite slump in the real estate and infrastructural sectors. The Environment Management Business and the Geology and Mining Business continued to play a key role in the RCD activities.

## 10. SHARE CAPITAL

10.1 The Share Capital of the Company was Rs. 136.83 crore as at March 31, 1998. The Company has issued a final forfeiture notice to such of the shareholders who have not paid up their calls on the Company's offer of Rights Issue made in 1995.

10.2 It may kindly be recalled that your Company was one of the first few companies to admit its equity shares in the Depository System of National Securities Depository Limited. In order that the benefits of the Depository System are availed of by the shareholders, your Company has made





arrangements with some of the Depository participants to give certain concession to the shareholders joining the Depository System before May 29, 1998 which date was extended to June 30, 1998. As on date, about 14.6% of the Company's share capital has been dematerialised under the Depository System.

10.3 With the introduction of the Depositories Act, 1996 and the Depository System, some of the provisions of the Companies Act, 1956, relating to the issue, holding, transfer, transmission of shares and other securities have been amended to facilitate the implementation of the new system. It is accordingly proposed that the Articles of Association of the Company be suitably altered as set out in the Resolution at Item 11 of the Notice to reflect the provisions introduced by the Depositories Act, 1996 and to spell out the rights of the beneficial owners of the securities in such a System.

## 11. FINANCE

11.1 During the year the Company had successfully completed the private placement of two series of Non-Convertible Debenture of Rs. 100 crore each to fund some of its ongoing projects and working capital requirements.

## 12. PERSONNEL

12.1 During the year under review, industrial relations at all the Units of the Company continued to be cordial and peaceful.

## 13. SUBSIDIARY COMPANIES

13.1 During the year, ACC Machinery Company Ltd. which is a 100% subsidiary of our Company had improved its total income by 28% over the previous year through launch of its new range of products. With the stabilisation of its new facilities at Butibori in Nagpur and with a view to further improving its operations it has restructured its activities by closing down the units located at Madukkarai and Kalwe.

13.2 ACC-Nihon Castings Ltd. (ANCL) has achieved more than 92% capacity utilisation during the year. However, due to the sluggish economic conditions prevalent, prices have been under constant pressure since its inception leading to lower margins and consequently to losses. During the year, the net worth of ANCL has been

substantially eroded and the Company has become potentially sick under the Sick Industrial Companies (Special Provisions) Act, 1985. With a view to providing ANCL with greater technical, financial and infrastructural support to make it a stronger entity, Nihon Cement Company Ltd. has been persuaded to sell their shareholdings in ANCL for making ANCL a 100% subsidiary of ACC.

13.3 Bulk Cement Corporation (India) Limited has set up a modern 0.5 MTPA Plant at Kalamboli for handling, storage and distribution of cement in bulk to be supplied from Wadi. The Plant is under trial run and has started supplying cement in bulk. The plant is likely to be commissioned during 1998 after its stabilisation.

13.4 Damodhar Cement & Slag Limited (DCSL), a sick Company acquired by ACC in 1996 has a Portland Slag Cement Grinding Capacity of 0.275 MTPA at Purulia, West Bengal. The Company during its first full year of operation under ACC management has achieved 89% capacity utilisation. Work on expansion of its capacity to 0.525 MTPA is progressing satisfactorily and is likely to be commissioned by 1998-99.

13.5 The Statement pursuant to Section 212 of the Companies Act, 1956, relating to the Company's subsidiaries, ACC Machinery Company Limited, The Cement Marketing Company of India Limited, ACC-Nihon Castings Limited, Bulk Cement Corporation (India) Limited and Damodhar Cement & Slag Limited is annexed to this Report.

## 14. PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

14.1 As required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosures of particulars in the Report of Board of Directors) Rules, 1988, the particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo are set out in the Annexure 'A' to the Directors' Report.

## 15. PARTICULARS OF EMPLOYEES

15.1 Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of



Employees) Rules, 1975 as amended regarding employees is given in Annexure 'B' to the Directors' Report.

## 16. COST AUDIT

16.1 As per the Government's directive, the Company's cost records in respect of Cement for the year ended March 31, 1998 are being audited by the Cost Auditors M/s N I Mehta & Co., who were appointed by the Board with the approval of the Central Government.

## 17. MANAGEMENT

17.1 Dr. S. Ganguly, Executive Vice Chairman, demitted office with effect from the close of January 11, 1998 upon retirement from the Company's services. The Board has placed on record its warm appreciation of the outstanding contribution and most valuable services rendered by Dr. S. Ganguly during his association with the Company first as Executive Vice Chairman and Managing Director from November 1, 1988 to March 31, 1996 and later as Executive Vice Chairman with effect from April 1, 1996, in various areas particularly with regard to technology upgradation, expansion and modernisation programmes, research and consultancy, refractories and advanced materials. The Board of Directors have appointed Dr. S. Ganguly as Additional Director with effect from January 12, 1998 and elected him as Vice Chairman for a period of three years with effect from the same date. The Board has also appointed Dr. Ganguly as Advisor in a non-executive capacity for an initial period of three years with effect from January 12, 1998.

17.2 Mr. M. M. Rajoria, Wholetime Director, retired from the service of the Company with effect from the close of August 3, 1997. The Board has placed on record its warm appreciation of the very valuable services rendered by Mr. M. M. Rajoria during his association of over 36 years with the Company in various capacities including his tenure as a Wholetime Director for over 8 years from December 21, 1988:

17.3 Consequent upon the appointment of Mr. P. K. Sinor as Wholetime Director with effect from August 4, 1997, the Company has entered into an agreement with him in regard to his terms of appointment and remuneration on the lines of

the draft approved by the Members at the Sixty First Annual General Meeting.

17.4 In Schedule XIII to the Companies Act, 1956 dealing with the remuneration payable to managing and wholetime directors in the event of absence or inadequacy of net profits in any financial year, the managerial remuneration would have to be limited to the amount specified therein. For the reasons stated in Para 6 of the Explanatory Statement attached to the Notice, the computation of managerial remuneration as per the provisions of sub-section (5) of Section 309 of the Companies Act, 1956 indicates an absence of profit for the financial year ended March 31, 1998. Hence, the amounts set out in the Resolution at Item 8 of the Notice which were paid to Dr. S. Ganguly, former Executive Vice-Chairman, Mr. T. M. M. Nambiar, Managing Director, Mr. M. M. Rajoria, former Wholetime Director, are in excess of the statutory limits laid down in the Act. The Board is of the opinion that these Directors should be allowed to retain the excess remuneration as approved by the shareholders which was paid to them during the financial year ended March 31, 1998. Central Government's approval is being sought to the retention of the excess remuneration paid to the aforesaid Directors. Sanction of the shareholders is being sought to the payment and retention of the said excess remuneration by the aforementioned Directors of the Company for the year ended March 31, 1998 as set out in Resolution No. 8 of the Notice.

## 18. DIRECTORS

18.1 Mr. N. A. Palkhivala relinquished the Chairmanship of the Board of Directors with effect from the close of the Annual General Meeting held on September 3, 1997. The Board elected Mr. Pallonji S. Mistry as Chairman in place of Mr. N. A. Palkhivala from the close of the above referred Meeting.

18.2 Mr. N. A. Palkhivala was appointed a Director of the Company on March 28, 1968 and was Chairman of the Board since January 1, 1969 (excluding his tenure as Ambassador to USA from September 24, 1977 to July 26, 1979). The Board placed on record its admiration for Mr. Palkhivala and expressed its deep gratitude to him for his outstanding contribution to ACC for over two and a half decades. In his capacity as Chairman, Mr. Palkhivala inspired and motivated his colleagues on the Board and the management



team and strengthened ACC's culture and ethos. In recognition of his outstanding contribution, the Board has appointed Mr. Palkhivala as Chairman Emeritus for life. He continues as a Director on the Board.

18.3 Mr. Pallonji S. Mistry's association with ACC dates back to August 3, 1951, when he was appointed a Director of Cement Agencies Ltd., the erstwhile Managing Agents. He is the longest serving member on the ACC Board having been appointed as a Director from September 10, 1951. He was elected Vice Chairman on August 1, 1969. Consequent upon Mr. Palkhivala's appointment as India's Ambassador to U.S.A. Mr. Mistry was elected Chairman of the Board from September 24, 1977, which position he held till Mr. Palkhivala's return to India on July 26, 1979. Thereafter, Mr. Mistry was again elected Vice Chairman on July 27, 1979. Mr. Mistry was elected Deputy Chairman on April 1, 1983 which position he held till his appointment as Chairman of the Board. Mr. Mistry is a leading industrialist, a Director on the Board of several Tata Companies in India and abroad as well as Chairman of Shapoorji Pallonji & Co. Ltd. and other Organisations in that group.

18.4 Mr. Harish Mahindra resigned from the Board of Directors of the Company with effect from September 4, 1997. The Directors have placed on record their warm appreciation of the very valuable services rendered by Mr. Harish Mahindra during his association of over 13 years as a Director from December 16, 1983.

18.5 Mr. D. S. Seth resigned as a Director of the Company with effect from August 14, 1997. The Directors have placed on record their deep appreciation of the outstanding contribution and most valuable services rendered by Mr. D. S. Seth during his association of over 8 years as a Director from November 1, 1988 till August 14, 1997. Mr. Seth had made a significant contribution in spearheading the Company's turnaround. His business acumen and expertise as a technocrat was of considerable help in setting new and higher standards for the Company's growth plans.

18.6 Mr. K. P. Narasimhan who was appointed by Life Insurance Corporation of India (LIC) as their representative on the Board of Directors of the Company since March 31, 1993 ceased to be a Director of the Company with effect from February 20, 1998. Mr. Narasimhan was also the

Chairman of the Audit Committee of the Board. The Board has placed on record its warm appreciation of the very valuable services rendered by Mr. K. P. Narasimhan during his tenure of office.

18.7 Mr. O. P. Dubey, Zonal Manager, Life Insurance Corporation of India, Eastern Zone has been appointed by Life Insurance Corporation of India (LIC) as their representative with effect from March 25, 1998 in the casual vacancy caused by the resignation of Mr. K. P. Narasimhan.

18.8 In accordance with the provisions of the Companies Act, 1956, and the Company's Articles of Association, Mr. Pallonji S. Mistry, Mr. S. R. Vakil, Mr. P. K. Mistry and Mr. P. J. Jagus Directors of the Company retire by rotation and are eligible for reappointment.

## 19. AUDITORS

19.1 The shareholders are requested to appoint Auditors for the current year and fix their remuneration as detailed in the requisite Resolution and the relative Explanatory Statement. Messrs. A. F. Ferguson & Co., Mumbai and Messrs. K. S. Aiyar & Co., Mumbai, the existing Auditors have, under Section 224(1B) of the Companies Act, 1956, furnished certificates of their eligibility for the appointments.

## 20. ACKNOWLEDGEMENT

20.1 Your Directors take this opportunity to express their grateful appreciation for the excellent assistance and co-operation received from the Central Government, the State Governments, and the consortium of Financial Institutions and Commercial Banks. Your Directors also thank all the employees of the Company for their valuable service and support during the year.

For and on behalf of the Board,

PALLONJI S. MISTRY  
Chairman

Mumbai, June 24, 1998.



## AUDITORS' REPORT TO THE MEMBERS

We have audited the attached Balance Sheet of THE ASSOCIATED CEMENT COMPANIES, LIMITED as at March 31, 1998 and also the Profit and Loss Account of the Company for the year ended on that date, annexed thereto, and report that :—

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.

2. Further to our comments in the Annexure referred to in paragraph 1 above:

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books;
- (c) the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- (d) in our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
  1. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 1998; and
  2. in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.

For K. S. AIYAR & CO.  
Chartered Accountants

MANI A. AIYAR  
Partner

For A. F. FERGUSON & CO.  
Chartered Accountants

R. SUBRAMANIAM  
Partner

Mumbai, May 28, 1998.



**ANNEXURE TO THE AUDITORS' REPORT**  
**(Referred to in paragraph 1 of our Report of even date)**

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. A substantial portion of the fixed assets has been physically verified by the management during the year and in our opinion the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification.
2. None of the fixed assets has been revalued during the year.
3. The stocks of finished goods, stores, spare parts and raw materials have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
4. The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. In our opinion, the Company has not taken any loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, where the rate of interest or the terms and conditions are *prima facie* prejudicial to the interests of the Company. We are informed that there are no companies under the same management as this Company within the meaning of Section 370(1-B) of the Companies Act, 1956.
8. In respect of loans granted to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, the rate of interest and terms and conditions are not *prima facie* prejudicial to the interests of the Company. We are informed that there are no companies under the same management as this Company within the meaning of Section 370 (1-B) of the Companies Act, 1956.
9. In respect of loans and advances in the nature of loans given by the Company, where stipulations have been made, parties are repaying the principal amounts and have been regular in the payment of interest, as stipulated or according to the amendments thereto.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and with regard to sale of goods.



11. In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000 or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods, materials or services have been made with other parties.

12. As explained to us, the Company has a regular procedure for determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.

13. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.

14. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable scrap. The Company does not have any realisable by-products.

15. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

16. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

17. According to the records of the Company, Provident Fund and Employees' State Insurance dues have been regularly deposited during the year with the appropriate authorities except at certain locations where we are informed that the Company has applied for exemption from the operations of the Employees' State Insurance Act.

18. According to the information and explanations given to us, there were no undisputed amounts payable in respect of income-tax, wealth-tax, sales tax, customs duty and excise duty outstanding as at March 31, 1998 for a period of more than six months from the date on which they became payable.

19. According to the information and explanations given to us, no personal expenses have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.

20. The Company is not a sick industrial company within the meaning of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985.



21. In respect of the service activities, in our opinion and according to the information and explanations given to us— (i) the Company has a reasonable system of recording receipts, issues and consumption of materials and stores commensurate with the size and nature of its service activities and the system provides for a reasonable allocation of the materials and labour consumed to the relative jobs; and (ii) there is a reasonable system of authorisation at proper levels with necessary control on the issue of stores and allocation of stores and labour to jobs and there is a system of internal control commensurate with the size of the Company and the nature of its service activities.

22. As explained to us, in respect of trading activity, the Company has a regular procedure for determination of damaged goods. Adequate provision has been made in the accounts for the loss arising on the goods so determined, which is not significant.

For K. S. AIYAR & CO.  
Chartered Accountants

For A. F. FERGUSON & CO.  
Chartered Accountants

MANI A. AIYAR  
Partner

R. SUBRAMANIAM  
Partner

Mumbai, May 28, 1998.

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**BALANCE SHEET AS AT MARCH 31, 1998**

	Schedules	Page Nos.	Rs. Crore	Rs. Crore	Previous Year Rs. Crore
<b>I. SOURCES OF FUNDS:</b>					
1. SHAREHOLDERS' FUNDS					
(a) Share Capital .....	A	17		136.83	136.83
(b) Reserves and Surplus .....	B	18		856.05	866.59
				992.88	1,003.42
2. LOAN FUNDS					
(a) Secured Loans .....	C	19 & 20	1,116.82		764.30
(b) Unsecured Loans .....	D	20	335.62		151.95
				1,452.44	916.25
3. STOCKISTS' DEPOSITS (UNSECURED) .....				30.41	27.73
4. TOTAL FUNDS .....				2,475.73	1,947.40
<b>II. APPLICATION OF FUNDS:</b>					
1. FIXED ASSETS .....	E	21			
(a) Gross Block .....			1,845.29		1,687.09
(b) Less — Depreciation .....			638.63		575.46
(c) Net Block .....			1,206.66		1,111.63
(d) Capital Work in Progress, etc. ....			620.28		323.69
				1,826.94	1,435.32
2. INVESTMENTS .....	F	22 & 23		189.46	181.15
3. CURRENT ASSETS, LOANS AND ADVANCES					
(a) Inventories .....	G	24	278.83		279.09
(b) Sundry Debtors .....	H	25	260.79		218.06
(c) Cash and Bank Balances .....	I	26	65.58		50.54
(d) Other Current Assets .....	J	26	2.89		4.12
(e) Loans and Advances .....	K	27	277.41		277.78
			885.50		829.59
4. LESS — CURRENT LIABILITIES AND PROVISIONS					
(a) Sundry Liabilities .....	L	28	431.34		450.15
(b) Provisions .....	M	28	30.73		50.03
			462.07		500.18
5. NET CURRENT ASSETS .....				423.43	329.41
6. MISCELLANEOUS EXPENDITURE .....	N	28		35.90	1.52
(to the extent not written off or adjusted)					
7. TOTAL ASSETS (NET) .....				2,475.73	1,947.40
8. NOTES ON ACCOUNTS .....	O	29 to 34			

Per our report attached

For and on behalf of the Board,

For A. F. FERGUSON & CO.  
Chartered AccountantsR. SUBRAMANIAM  
PartnerFor K. S. AIYAR & CO.  
Chartered AccountantsPALLONJI S. MISTRY  
ChairmanS. GANGULY  
Vice-ChairmanT. M. M. NAMBIAR  
Managing DirectorA. K. CHATTERJEE  
Whole-time DirectorMANI A. AIYAR  
PartnerP. K. SINOR  
Whole-time Director &  
Company SecretaryN. H. ITALIA  
President Finance

Mumbai, May 28, 1998.

Mumbai, May 28, 1998.


**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 1998**

	Schedules	Page Nos.	Rs. Crore	Rs. Crore	Previous Year Rs. Crore
<b>INCOME:</b>					
1. SALE OF PRODUCTS AND OTHER INCOME .....	1	14		2,484.73	2,527.26
<b>EXPENDITURE:</b>					
2. MANUFACTURING AND OTHER EXPENSES .....	2	15 & 16	2,264.64		2,240.70
3. DEPRECIATION .....			85.51		79.35
4. INTEREST .....	3	16	119.14		118.29
				2,469.29	2,438.34
<b>PROFIT BEFORE TAXATION</b> .....				15.44	88.92
5. PROVISION FOR TAXATION .....				(2.00)	(12.00)
<b>PROFIT AFTER TAXATION</b> .....				13.44	76.92
6. PRIOR YEARS' PROVISION FOR TAXATION .....			—		(1.93)
7. TRANSFERRED TO DEBENTURE REDEMPTION RESERVE .....			(5.00)		(5.00)
				(5.00)	(6.93)
				8.44	69.99
8. BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR ...				56.32	41.86
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b> .....				64.76	111.85
<b>APPROPRIATIONS:</b>					
9. GENERAL RESERVE .....			1.00		10.00
10. AMORTISATION RESERVE .....			0.38		0.32
11. PROPOSED DIVIDEND .....			20.55		41.10
12. TAX ON DISTRIBUTED PROFITS .....			2.06		4.11
				23.99	55.53
<b>BALANCE CARRIED TO BALANCE SHEET</b> .....				40.77	56.32
13. NOTES ON ACCOUNTS .....	O	29 to 34			

Per our report attached

For and on behalf of the Board,

For A. F. FERGUSON & CO.  
Chartered AccountantsR. SUBRAMANIAM  
PartnerFor K. S. AIYAR & CO.  
Chartered AccountantsMANI A. AIYAR  
PartnerPALLONJI S. MISTRY  
ChairmanS. GANGULY  
Vice-ChairmanT. M. M. NAMBIAR  
Managing DirectorA. K. CHATTERJEE  
Whole-time DirectorP. K. SINOR  
Whole-time Director &  
Company SecretaryN. H. ITALIA  
President Finance

Mumbai, May 28, 1998.

Mumbai, May 28, 1998.

**SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT****SCHEDULE — 1, SALE OF PRODUCTS AND OTHER INCOME**

Item 1, page 13.

**1. SALE OF PRODUCTS AND SERVICES (See Note 19(A), Page 32)****2. DIVIDEND AND INTEREST (GROSS)**(a) Dividend from a Subsidiary Company (inclusive of tax deducted at source Rs. Nil Crore — *Previous Year Rs. 0.05 Crore*) .....(b) Income from Investments (inclusive of tax deducted at source Rs. 1.57 Crore — *Previous Year Rs. 2.90 Crore*) .....

(i) Trade .....

(ii) Others .....

(c) Bank and Other Interest (inclusive of tax deducted at source Rs. 1.00 Crore — *Previous Year Rs. 0.87 Crore*) .....**3. OTHER INCOME**

(a) Sale of Stores, Materials, etc. ....

(b) Excess provisions made in previous years (See note 3, Page 31) .....

(c) Transport Subsidy .....

(d) Lease rental income .....

(e) Profit on sale of fixed assets .....

(f) Miscellaneous Income .....

**TOTAL ..**

Rs. Crore	Rs. Crore	Previous Year Rs. Crore
	2400.01	2469.22
0.30		0.22
2.45		2.04
8.66		10.43
11.41		12.69
7.18		6.54
	18.59	19.23
9.20		9.70
23.02		5.89
—		9.68
8.44		5.76
15.75		1.67
9.72		6.11
	66.13	38.81
	2484.73	2527.26



## SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT

### SCHEDULE — 2, MANUFACTURING AND OTHER EXPENSES

Item 2, page 13.

	Rs. Crore	Rs. Crore	Previous Year Rs. Crore
1. PURCHASE OF CEMENT AND OTHER PRODUCTS .....		142.59	150.06
2. RAW MATERIALS, BOUGHT-OUTS, COAL AND OIL FOR KILNS (See Note 15, Page 32) .....		526.76	502.85
3. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES			
(a) Salaries, Wages, Dearness Allowance and Bonus .....	131.46		129.11
(b) Contributions to Provident and Other Funds .....	20.79		17.05
(c) Workmen and Staff Welfare Expenses .....	14.79		15.39
		167.04	161.55
4. PACKING MATERIALS .....		84.07	91.03
5. OPERATION AND OTHER EXPENSES			
(a) Stores Consumed (See Note 16, Page 32) .....	21.97		23.81
(b) Purchased Power and Fuel for Power Generation .....	276.99		286.55
(c) Repairs to Building .....	2.48		5.44
(d) Repairs to Machinery .....	75.83		95.39
(e) Repairs to Other Items .....	19.86		20.63
(f) Rent (after recoveries of Rs. 0.01 Crore — Previous Year Rs. 0.01 Crore) .....	4.69		3.14
(g) Rates and Taxes (includes wealth tax Rs. 0.72 Crore — Previous Year Rs. 0.63 Crore) .....	25.02		34.14
(h) Royalties .....	36.51		26.90
(i) Insurance .....	7.57		7.60
(j) Loading, Transportation and Other Charges .....	60.25		51.84
(k) Discount, Rebates and Allowances .....	52.67		49.07
(l) Commission on Sales .....	2.37		3.36
(m) Other Expenses .....	73.36		65.34
(n) Advertisement Charges .....	6.19		12.23
	665.76		685.44
(o) Prorata premium on redemption of debenture .....	0.34		0.34
Equity share issue expenses .....	0.07		0.64
Debenture issue expenses .....	1.06		—
	1.47		0.98
Less: Amount adjusted against share premium account .....	1.47		0.98
		665.76	685.44
6. OUTWARD FREIGHT CHARGES ON CEMENT ETC. ....		342.11	315.67
7. EXCISE DUTIES (includes Rs. 8.26 Crore relating to earlier year — Previous year Rs. Nil) .....		344.60	340.27
8. PAYMENTS TO AUDITORS			
(a) Audit Fees .....	0.29		0.29
(b) Fees for Taxation Matters (includes Tax Audit Rs. 0.05 Crore — Previous Year Rs. 0.05 Crore) .....	0.08		0.08
(c) Fees for other services .....	0.02		0.01
(d) Reimbursement of Expenses .....	0.05		0.12
(includes fees Rs. 0.01 Crore — Previous Year Rs. 0.01 Crore and expenses Rs. — for Cost Audit — Previous Year Rs.—)		0.44	0.50
Total Carried Over ..		2,273.37	2,247.37

**SCHEDULE — 2, MANUFACTURING AND OTHER EXPENSES — (Contd.)**

9. MISCELLANEOUS EXPENDITURE WRITTEN OFF

10. NET VALUE OF DISCARDED CAPITAL ASSETS AND COST OF DISMANTLING

11. REDUCTION/(ACCRETION) TO FINISHED STOCKS, STOCKS IN PROCESS OF MANUFACTURE AND WORK IN PROGRESS ADDED/(DEDUCTED)

- (a) Closing Stocks —

- (i) Stock in Trade .....
- (ii) Work in Progress .....

- (b) Opening Stocks —

- (i) Stock in Trade .....
- (ii) Work in Progress .....

TOTAL . .

Rs. Crore	Rs. Crore	Previous Year Rs. Crore
	2,273.37	2,247.37
5.17		0.38
0.09		—
	5.26	0.38
	0.76	0.61
64.49		63.20
46.95		33.49
111.44		96.69
63.20		53.52
33.49		35.51
96.69		89.03
	(14.75)	(7.66)
	2,264.64	2,240.70

**SCHEDULE — 3, INTEREST**

Item 4, page 13.

1. Cash Credit Accounts .....
2. Fixed and Call deposits .....
3. Term Loans .....
4. Debentures .....
5. Others .....

TOTAL . .

	Rs. Crore	Previous Year Rs. Crore
	33.63	29.39
	16.12	19.03
	43.64	48.10
	18.61	15.44
	7.14	6.33
	119.14	118.29





## SCHEDULE FORMING PART OF THE BALANCE SHEET

### SCHEDULE — A, SHARE CAPITAL

Item I-1(a), page 12.

#### 1. AUTHORISED —

1,50,00,000 Equity Shares of Rs. 100 each .....

#### 2. ISSUED —

( 1,37,57,045 Equity Shares of Rs. 100 each .....

#### 3. SUBSCRIBED —

38,84,748 Equity Shares of Rs. 100 each, fully paid up .....  
Less : Calls in arrears .....

6,07,264 Equity Shares of Rs. 100 each, fully paid for consideration  
other than cash pursuant to contracts .....

92,09,229 Equity Shares of Rs. 100 each, fully paid by way of Bonus  
Shares — By utilisation of —

Share Premium Account .....

Capital Reserve .....

Plant Reinstatement Reserve .....

Development and Rehabilitation Reserve .....

General Reserve .....

TOTAL ..

Rs. Crore	Rs. Crore	Previous Year Rs. Crore
	150.00	150.00
	137.57	137.57
38.84 0.18	38.66	38.84 0.18
	6.07	6.07
	54.41	54.41
	0.50	0.50
	1.69	1.69
	0.27	0.27
	35.23	35.23
	136.83	136.83

**SCHEDULE FORMING PART OF THE BALANCE SHEET****SCHEDULE — B, RESERVES AND SURPLUS**

Item I-1(b), page 12.

	Rs. Crore	Rs. Crore	Previous Year Rs. Crore
1. CAPITAL RESERVE .....		0.15	0.15
2. SHARE PREMIUM .....	219.54		240.86
Add — Received during the year .....	0.10		31.04
	<u>219.64</u>		<u>271.90</u>
Less — Amount utilised towards:—			
(a) Issue of Bonus Share .....	—		51.38
(b) Adjusting pro rata premium on redemption of debentures and equity shares and debenture issue expenses .....	<u>1.47</u>		<u>0.98</u>
	<u>1.47</u>		<u>52.36</u>
( Net of Calls in arrears Rs. 6.99 Crore — Previous Year Rs. 7.09 Crore )		218.17	219.54
3. GENERAL RESERVE .....	481.21		471.21
Add — Amount transferred from Profit and Loss Account .....	<u>1.00</u>		<u>10.00</u>
		482.21	<u>481.21</u>
4. INVESTMENT ALLOWANCE RESERVE .....		60.60	60.60
5. DEBENTURE REDEMPTION RESERVE .....	45.63		40.63
Add — Amount transferred from Profit and Loss Account .....	<u>5.00</u>		<u>5.00</u>
		50.63	<u>45.63</u>
6. AMORTISATION RESERVE .....	3.14		2.82
Add — Amount transferred from Profit and Loss Account .....	<u>0.38</u>		<u>0.32</u>
		3.52	<u>3.14</u>
7. PROFIT AND LOSS ACCOUNT .....		40.77	56.32
<b>TOTAL ..</b>		<u>856.05</u>	<u>866.59</u>

## SCHEDULE FORMING PART OF THE BALANCE SHEET

### SCHEDULE — C, SECURED LOANS

Item I-2(a), page 12.

#### 1. 14% FIRST MORTGAGE DEBENTURES —

Secured by First Mortgage on certain movable and immovable properties under Debenture Trust Deed dated February 21, 1955 and as enlarged and modified by Supplemental Debenture Trust Deed dated December 1, 1958, Second Supplemental Debenture Trust Deed dated March 4, 1965, Agreement dated December 30, 1970 extending the date of redemption to January 1, 1976, Agreement dated February 11, 1976 extending the date of redemption to January 1, 1981 and Agreement dated April 7, 1981 further extending the date of redemption to January 1, 1991, and Agreement dated July 8, 1987 increasing rate of interest from 7% per annum to 15% per annum and making it redeemable at a premium of 5%, Indenture dated 12-9-91 extending the date of redemption to 1.1.1998 and also decreasing rate of interest from 15% per annum to 14% per annum and making it redeemable at a premium of 5%, 'A' and 'C' Series

Less — Redeemed/Bought back but not re-issued .....

#### 2. 14% SECURED NON-CONVERTIBLE DEBENTURES —

Secured by way of Mortgage on certain immovable properties and all movable assets except Book Debts under the Debenture Trust Deed dated September 11, 1984, and by a Joint Equitable Mortgage on certain other immovable properties modified by a Supplemental Trust Deed dated May 30, 1991 reducing the rate of interest from 15% per annum to 14% per annum and extending the date of redemption.

These Debentures are redeemable in three instalments on July 1, 1997, July 1, 1998 and July 1, 1999 at a premium of Rs. 5 per Debenture payable with the last instalment. The Company, upon receipt of an offer to sell Debentures from Debentureholders, will buy back these Debentures at par provided the face value of the total holding of the Debentureholder does not exceed Rs. 40,000 and the Debentures have been held for a period not less than one year by such Debentureholder. The Company shall be at liberty to re-issue at par the Debentures bought back .....

Less — Redeemed/Bought back but not re-issued .....

#### 3. 16.75% SECURED NON-CONVERTIBLE DEBENTURES WITH UTI —

Secured by way of a mortgage on certain immovable properties and hypothecation of all movable assets except book debts. These Debentures are to be redeemed on the expiry of the 5th year from the date of allotment. However the Company has exercised its option to prematurely redeem the Debentures after two years from the date of allotment and consequently the Debentures have been fully redeemed by April 27, 1998. ....

Less — Redeemed but not re-issued .....

#### 4. 14.50% PRIVATELY PLACED SECURED NON CONVERTIBLE DEBENTURES —

Secured by way of a mortgage on certain immovable properties and hypothecation of all movable assets except book debts. These Debentures are to be redeemed at par on the expiry of the 5th year from the date of allotment i.e. on June 10, 2002 .....

#### 5. SERIES II AND SERIES III PRIVATELY PLACED SECURED NON CONVERTIBLE DEBENTURES —

To be secured by way of a mortgage on certain immovable properties and hypothecation of all movable assets except book debts. These Debentures are to be redeemed at par on the expiry of the 7th year from the respective date of allotments i.e. on January 13, 2005 and on March 18, 2005. The Company/Debentureholders has the right to exercise Call/Put option at par on the expiry of 5th Year from the respective date of allotment i.e. on January 13, 2003 and on March 18, 2003, by giving a notice period of one month ....

#### 6. AMOUNTS DRAWN AGAINST CASH CREDIT ACCOUNTS WITH BANKS —

Secured by hypothecation of stocks, stores, books debts, etc. ....

Total Carried Over ..

Rs. Crore	Rs. Crore	Previous Year Rs. Crore
5.25		5.25
5.25		—
	—	5.25
56.00		56.00
23.95		6.66
	32.05	49.34
50.00		50.00
20.00		—
	30.00	50.00
	100.00	—
	100.00	—
	199.90	174.94
	461.95	279.53

Item 1-2(a), page 12.

**Notes :—** The mortgages/charges indicated in 1, 2, 3, 4, 5, 7(a to d) and 8(b) above are to rank *pari-passu inter se* and are subject to —

(a) the prior charges in favour of Company's Bankers on specified movable assets for securing working capital requirements/guarantee facilities; and

(b) the exclusive first charges in terms of foreign currency loan arrangements and loan by Risk Capital and Technology Finance Corporation Ltd., IDBI, ICICI, Bank of America, Grindlays Bank, Hong Kong Bank.

Item I-2(b), page 12.

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## SCHEDULE FORMING PART OF THE BALANCE SHEET

### SCHEDULE — E, FIXED ASSETS

Item II-1, page 12.

FIXED ASSETS	GROSS BLOCK AT COST			TOTAL DEPRECIATION		NET BLOCK		
	As at 31-3-1997	Additions/ Adjustments	Deductions/ Adjustments	As at 31-3-1998	For the Year 1997-98	Up to 31-3-1998	As at 31-3-1998	As at 31-3-1997
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
1. Goodwill and Purchase of Rights	0.39	—	—	0.39	—	—	0.39	0.39
2. Freehold Land	12.56	0.93	—	13.49	—	—	13.49	12.56
3. Leasehold Land	11.12	3.88	—	15.00	0.38	1.64	13.36	9.88
4. Buildings	139.33	22.38	1.49	160.22	3.69	29.31	130.91	113.15
5. Machinery, Plant and Kilns	1,115.78	115.13	21.99	1,208.92	57.53	463.79	745.13	690.57
6. Roads, Bridges and Fences	24.15	0.86	0.22	24.79	0.44	4.15	20.64	20.36
7. Water Works	13.37	0.39	0.19	13.57	0.69	9.33	4.24	4.61
8. Railway Sidings and Tram-Lines	11.88	0.03	0.08	11.83	0.51	4.56	7.27	7.78
9. Rolling Stock	47.74	1.96	0.13	49.57	3.76	13.45	36.12	37.98
10. Furniture, Fixtures and Equipments	42.41	3.54	0.87	45.08	2.78	16.68	28.40	28.35
11. Motor Cars, Trucks, etc.	22.89	17.49	0.69	39.69	3.25	10.58	29.11	15.11
12. Electric Installations	245.47	20.66	3.39	262.74	12.48	85.14	177.60	170.89
	1,687.09	187.25	29.05	1,845.29	85.51	638.63	1,206.66	
Previous Year . .	1,516.45	187.21	16.57	1,687.09	79.35	575.46		1,111.63
13. Capital Work in Progress and Unallocated Capital Expenditure							620.28	323.69

**Notes:—** (i) Purchase of 211 Shares of Rs. 6210 in various Co-operative Housing Societies, in respect of 18 residential flats are included under Item No. 4 'Buildings'.

(ii) Freehold land includes Rs. 0.35 Crore — *Previous Year Rs. 0.35 Crore*, Leasehold land includes Rs. 0.09 Crore - *Previous year Rs. Nil* and Buildings (Gross Block) includes Rs. 0.48 Crore — *Previous Year Rs. 0.48 Crore* in respect of which the transfer of title deeds to the name of the Company is under process.

(iii) Exchange rate differences arising during the year on foreign currency loans borrowed for the acquisition/construction of fixed assets have been adjusted-increase of Rs. 23.26 Crore — *Previous Year Rs. 2.16 Crore*.

(iv) Rolling Stock includes assets given on lease to Railway under 'Own Your Wagons' Scheme of Rs. 28.86 Crore — *Previous Year Rs. 28.86 Crore*.



## SCHEDULE FORMING PART OF THE BALANCE SHEET

**SCHEDULE' — F, INVESTMENTS** — (At cost unless otherwise stated)  
Item II-2, page 12.

### 1. TRADE INVESTMENTS —

#### (a) Equity Shares — Fully Paid (Quoted):—

(i) TRF Ltd. ....	10	3,60,000	0.51	0.51
(ii) Eternit Everest Ltd. ....	10	38,50,020	0.53	0.53
(iii) Floatglass India Ltd. (See note 7(i), Page 31) ....	10	1,01,44,355	17.95	17.95

#### (b) Equity Shares — Fully Paid (Unquoted):—

(i) International Ferrites Ltd. ....	10	1,39,55,306	13.98	13.98
(ii) Alcoa — ACC Ltd. ....	10	28,80,000	2.88	2.88
(iii) ABB — ABL Ltd. (at written down value) ....	10	8,15,482	0.82	0.82
(iv) Tata International Ltd.* ....	1,000	3,000	0.75	0.75
(v) Tata Industries Ltd. (1,50,000 shares subscribed during the year) ....	100	2,50,000	4.00	1.00
(vi) Bridgestone ACC India Ltd. (1,40,40,000 shares subscribed during the year) ....	10	2,61,40,000	26.14	12.10
(vii) ACC Rio Tinto Exploration Limited* (Subscribed during the year) ....	10	20,00,000	2.00	—

#### (c) Cumulative Redeemable Preference Shares-Fully Paid (Unquoted):—

(i) 14% Tata Sons Ltd. ....	1,000	53,000	5.30	5.30
(ii) 10% Floatglass India Ltd. (Subscribed during the year) .... (See note 7(i), Page 31)	100	5,00,000	5.00	—

#### (d) Bonds (Quoted):—

17% TRF Ltd. Bonds ....	100	30,000	0.30	0.30
-------------------------	-----	--------	------	------

#### (e) Investment in Foreign Currency

Iran and India Cement Eng. Consultant Co. PJS ....	RLS 1000	1,46,999	0.17	0.17
			80.33	56.29

### 2. SUBSIDIARY COMPANIES:—

#### (a) Equity Shares — Fully Paid (Unquoted) —

(i) ACC Machinery Co. Ltd. ....	100	3,00,000	3.99	3.99
(ii) ACC-Nihon Castings Ltd. (See note 7(ii), Page 31) ....	10	84,82,538	8.48	8.48
(iii) Bulk Cement Corporation (India) Limited ....	10	1,24,60,050	12.46	12.46
(iv) Damodhar Cement & Slag Ltd. ....	10	2,09,70,000	20.97	20.97
@ (Reduced face value pursuant to BIFR scheme) ....	@4.50	1,31,93,447	5.93	5.93

#### (b) Equity Shares — Partly Paid (Unquoted)

The Cement Marketing Co. of India, Ltd. ....	100	3,610	—	—
			51.83	51.83

### 3. OTHER INVESTMENTS:—

#### (a) GOVERNMENT AND TRUSTEE SECURITIES

	Face Value Rs. Crore		
Quoted .....	—	—	—
Unquoted .....	0.07	0.07	0.10
	0.07	0.07	0.10

(includes Securities of the face value of Rs. 0.03 Crore — Previous Year Rs. 0.04 Crore — deposited with Governments and others as Security Deposits)

Total Carried Over .

0.07

0.10





## SCHEDULE FORMING PART OF THE BALANCE SHEET

### SCHEDULE — F, INVESTMENTS — (Contd.)

	Face Value	Number	Rs. Crore	Rs. Crore	Previous Year Rs. Crore
			0.07		0.10
<b>Total Brought Over ..</b>					
(b) Equity Shares — Fully Paid (Quoted) :—					
The Industrial Credit and Investment Corporation of India, Ltd. .	10	7,50,640	1.55		1.55
Industrial Development Bank of India .....	10	3,38,900	4.34		4.34
Housing Development Finance Corporation Ltd. ....	100	33,750	0.42		0.42
GRUH Finance Ltd. ....	10	6,57,791	1.35		1.35
The India Cements Ltd. ....	10	784	—		—
Dalmia Cement (Bharat) Ltd. ....	10	373	—		—
Mysore Cements Ltd. ....	10	350	—		—
The Andhra Cement Company Ltd. ....	10	52	—		—
Orissa Cement Ltd. ....	10	48	—		—
Kanoria Sugar & General Mfg. Co. Ltd. ....	10	4	—		—
Shree Digvijay Cement Co. Ltd. ....	100	18	—		—
Panyam Cements & Mineral Industries Ltd. ....	100	5	—		—
HDFC Bank Ltd. ....	10	500	—		—
(c) Equity Shares — Fully Paid (Unquoted) :—					
Biotech Consortium India Ltd. ....	10	50,000	0.05		0.05
Rohtas Industries Ltd. ....	10	220	—		—
The Jaipur Udyog Ltd. ....	10	120	—		—
The Sone Valley Portland Cement Company Ltd. ....	5	100	—		—
The Travancore Cement Co. Ltd. ....	10	100	—		—
Ashoka Cement Ltd. ....	10	50	—		—
(d) Redeemable Preference Shares (Unquoted):—					
(i) Cumulative Preference Shares:					
12.5% HDFC Ltd. ....	100	3,00,000	—		3.00
13% BSES Ltd. ....	100	1,00,000	—		1.00
13% EID Parry Ltd. ....	100	2,00,000	—		2.00
14% Atul Products Ltd. ....	100	1,00,000	—		1.00
(ii) Non-Cumulative Preference Shares:—					
12.5% ICICI Ltd. ....	10	60,00,000	—		6.00
12.75% Gujarat Ambuja Cements Ltd. ....	10	30,00,000	—		3.00
(e) UNITS (Quoted):—					
Unit Trust of India (includes 2,20,902 Units purchased- Previous Year 1,75,250 Unit and Nil Bonus Units - Previous Year 35,17,520 Bonus Units received during the year) .....		3,90,88,870	49.52		49.22
				57.30	73.03
<b>TOTAL ..</b>				189.46	181.15

Notes (i) Aggregate Net Cost and Market Value of Company's Investments :—

	As at 31-3-1998		As at 31-3-1997	
	Aggregate Net Cost	Market Value	Aggregate Net Cost	Market Value
	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Quoted .....	76.47	118.13	76.17	124.52
Unquoted .....	112.99		104.98	
Total Investments .....	189.46		181.15	

- (ii) Investments aggregating Rs. 21.50 Crore are subject to restrictions on transfer/hypothecation — Previous Year Rs. 26.43 Crore.
- (iii) The Units of Unit Trust of India [Item 3(e)] are 'Current Investments'. All other Investments are 'long term'.
- \*(iv) The names of the following Companies have changed during the year. The earlier names are given in brackets.  
ACC Rio Tinto Exploration Limited (ACC-CRA Explorations Ltd.), Tata International Ltd. (Tata Exports Ltd.).

**SCHEDULE FORMING PART OF THE BALANCE SHEET****SCHEDULE — G, INVENTORIES — As Certified by the Management**

Item II-3(a), page 12.

**1. LIMESTONE, GYPSUM AND OTHER RAW MATERIALS —**

(a) On Hand ..... 30.80

(b) In Transit ..... 2.13

32.93

Previous Year  
Rs. Crore

36.77

3.29

40.06

**2. COAL, BAGS, STORES, SPARES, ETC. —**

(a) Coal ..... 18.21

(b) Bags ..... 5.63

(c) Stores and Spares ..... 99.94

(d) In Transit ..... 9.18

132.96

22.73

6.63

99.14

12.27

140.77

**3. LOOSE PLANT AND TOOLS ..... 1.50****4. STOCK IN TRADE —**

(a) Finished Goods ..... 64.47

(b) Flats ..... 0.02

64.49

63.15

0.05

63.20

**5. WORK IN PROGRESS —**

(a) Manufactured Products ..... 44.65

(b) Contracts in Progress ..... 0.52

(c) Flats under construction ..... 1.78

46.95

31.96

—

1.53

33.49

**TOTAL ..****278.83****279.09**



# SCHEDULE FORMING PART OF THE BALANCE SHEET

## SCHEDULE — H, SUNDRY DEBTORS

Item II-3(b), page 12.

### 1. SUNDRY DEBTORS (SECURED AND CONSIDERED GOOD)

(a) Over Six Months ..... 1.16

(b) Others ..... 9.74

10.90

### 2. SUNDRY DEBTORS (UNSECURED AND CONSIDERED GOOD)

(a) Over Six Months —

(i) Sale of Products and Services ..... 22.00

(ii) Railway, Insurance and Other Claims (includes Rs. 39.93 Crore due from Central/State Governments — Previous Year Rs. 14.10 Crore) ..... 50.25

72.25

(b) Others —

(i) Sale of Products and Services ..... 135.72

(ii) Railway, Insurance and Other Claims (includes Rs. 14.86 Crore due from Central/State Government — Previous Year Rs. 28.32 Crore) .. 41.92

177.64

249.89

TOTAL ..

260.79

Previous Year  
Rs. Crore

1.11

8.20

9.31

22.18

27.03

49.21

119.63

39.91

159.54

208.75

218.06

**SCHEDULES FORMING PART OF THE BALANCE SHEET****SCHEDULE — I, CASH AND BANK BALANCES**

Item II-3(c), page 12.

1. CASH ON HAND (includes Cheques on hand Rs. Nil — *Previous Year Rs. 4.33 Crore*) .....
2. CURRENT ACCOUNTS WITH BANKS
  - (a) Scheduled Banks .....
  - (b) Ambala Kurukshetra Gramin Bank, Malla, Haryana (maximum balance during the year Rs. 3.56 Crore — *Previous Year Rs. 0.08 Crore*) .....
  - (c) The National Commercial Bank, Yanbu, Saudi Arabia (maximum balance during the year Rs. 1.54 Crore — *Previous Year Rs. 1.51 Crore*) .....
  - (d) Rafidain Bank, Iraq (maximum balance during the year Rs. — Crore — *Previous Year Rs. — Crore*) .....
3. POST OFFICE SAVINGS BANK ACCOUNTS (maximum balance during the year Rs. 0.01 Crore — *Previous Year Rs. 0.01 Crore*) .....  
(The Pass Books are in the custody of Excise and Railway Authorities and other parties)
4. REMITTANCES IN TRANSIT .....
5. FIXED DEPOSITS
  - Scheduled Banks — against margin money .....

TOTAL ..

Rs. Crore	Rs. Crore	<i>Previous Year Rs. Crore</i>
	0.53	4.80
37.01		33.43
—		—
0.82		0.88
—		—
	37.83	34.31
	0.01	0.01
	26.21	9.98
	1.00	1.44
	65.58	50.54

**SCHEDULE — J, OTHER CURRENT ASSETS**

Item II-3(d), page 12.

1. ACCRUED INTEREST .....

TOTAL ..

	Rs. Crore	<i>Previous Year Rs. Crore</i>
	2.89	4.12
	2.89	4.12



## SCHEDULE FORMING PART OF THE BALANCE SHEET

**SCHEDULE — K, LOANS AND ADVANCES —** (Unsecured, Considered Good, unless Item II-3(e), page 12. otherwise stated)

	Rs. Crore	Rs. Crore	Previous Year Rs. Crore
1. ADVANCES AGAINST CAPITAL EXPENDITURE .....		45.63	57.34
2. BALANCES WITH EXCISE, CUSTOMS AND PORT TRUST AUTHORITIES ON CURRENT ACCOUNTS .....		43.72	33.10
3. SUNDRY ADVANCES AND DEPOSITS, ETC.			
(a) Advances to Suppliers .....	34.44		38.73
(b) Sales Tax, Freight and Excise Duty .....	0.84		1.59
(c) Advances and Deposits with Railways, Government Bodies and Others .....	98.23		77.52
(See note 6, Page 31)			
(d) Prepaid Expenses .....	7.94		8.05
(e) Loans and Advances to Employees (due by Officers Rs. 0.65 Crore — Previous Year Rs. 0.24 Crore. Maximum balance during the year Rs. 0.70 Crore — Previous Year Rs. 0.95 Crore) .....	22.60		20.13
		164.05	146.02
4. ADVANCE PAYMENTS AGAINST TAXES (net of provision for tax) .....		—	13.07
5. ADVANCE AGAINST SUBSCRIPTION FOR SHARES			
ACC Rio Tinto Exploration Limited .....		1.00	1.00
6. LOANS AND ADVANCES TO SUBSIDIARY COMPANIES			
(a) Unsecured interest free loan .....	1.92		1.92
(b) Call deposits .....	5.14		2.11
(c) Other dues .....	5.77		7.70
		12.83	11.73
7. LOANS TO COMPANIES AND PUBLIC BODIES			
(a) Interest free loan to a company .....	2.25		2.25
(b) Call deposits with companies .....	4.60		6.60
(c) Secured loan to public body (security to be created) .....	3.33		6.67
		10.18	15.52
<b>TOTAL ..</b>		<b>277.41</b>	<b>277.78</b>

Note — Due by Whole-time Directors Rs. 0.25 Crore — Previous Year Rs. 0.25 Crore.  
Maximum balance during the year Rs. 0.34 Crore — Previous Year  
Rs. 0.27 Crore.

**SCHEDULES FORMING PART OF THE BALANCE SHEET****SCHEDULE — L, SUNDRY LIABILITIES**

Item II-4(a), page 12.

**1. SUNDRY CREDITORS**

- (a) For Capital Expenditure ..... 50.76
- (b) For Goods Supplied (See Note 11, Page 31) ..... 55.98
- (c) For Advance Payments (includes Rs. 0.15 Crore — *Previous Year Rs. 0.11 Crore* — relating to real estate development) ..... 44.25
- (d) For Other Liabilities (includes *pro-rata* Premium on redemption of debentures Rs. 2.08 Crore — *Previous Year Rs. 2.01 Crore* and balance of consideration payable towards acquisition of Shares of a Subsidiary Company Rs. 2.64 Crore — *Previous Year Rs. 3.95 Crore*) ..... 198.58

**2. EMPLOYEES****3. SUNDRY DEPOSITS****4. SECURITY DEPOSITS FROM CONTRACTORS****5. UNPAID DIVIDENDS****6. INTEREST ON SECURED LOANS ACCRUED BUT NOT DUE****7. INTEREST ON UNSECURED LOANS ACCRUED BUT NOT DUE**

TOTAL ..

Rs. Crore	Rs. Crore	Previous Year Rs. Crore
50.76		63.22
55.98		70.54
44.25		55.26
198.58		201.74
	349.57	390.76
	24.12	23.78
	19.04	12.02
	7.77	6.16
	14.36	11.17
	10.52	1.98
	5.96	4.28
	431.34	450.15

**SCHEDULE — M, PROVISIONS**

Item II-4(b), page 12.

**1. TAXATION (net of advance tax)****2. GRATUITY****3. LEAVE ENCASHMENT ON RETIREMENT****4. PROPOSED DIVIDEND****5. TAX ON DIVIDEND**

TOTAL ..

Rs. Crore	Previous Year Rs. Crore
1.91	—
1.70	1.23
4.51	3.59
20.55	41.10
2.06	4.11
30.73	50.03

**SCHEDULE — N, MISCELLANEOUS EXPENDITURE**

(To the extent not written off or adjusted)

Item II-6, page 12.

**1. COMPENSATION UNDER VOLUNTARY RETIREMENT SCHEME****2. COST OF ASSETS NOT OWNED BY THE COMPANY**

TOTAL ..

Rs. Crore	Previous Year Rs. Crore
34.03	1.52
1.87	—
35.90	1.52



## SCHEDULE — O, NOTES ON ACCOUNTS

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### (A) Sales

- (i) Sales are accounted on despatch of products and includes cost of self-consumption of goods produced.
- (ii) Income from consultancy and other services rendered is accounted for as per the terms of the contract.
- (iii) Revenue on real estate development is recognised on completion of contract.
- (iv) Lease Rental income is accounted as per terms of lease.

#### (B) Excise Duty

Excise Duties recovered are included in the sale of products. Excise Duty paid on despatches are shown separately as an item of Manufacturing and Other Expenses and included in the valuation of duty paid goods. Excise Duty liability on manufactured goods lying in factory premises is not provided for and also not included in the valuation of stock-in-trade.

#### (C) Accounting of Claims and Subsidies

- (i) Claims receivable are accounted at the time of lodgement depending on the certainty of receipt and claims payable are accounted at the time of acceptance.
- (ii) Claims raised by Government Authorities regarding taxes and duties, which are disputed by the Company, are accounted based on the merits of each claim.
- (iii) Subsidy receivable against an expense is deducted from such expense and subsidy/grant receivable against a specific fixed asset is deducted from cost of the relevant fixed asset.
- (iv) Investment subsidy not specifically related to a fixed asset is credited to Capital Reserve and retained till the requisite conditions are fulfilled.

#### (D) Debenture/Share Issue Expenses and Premium on Redemption of Debentures

Debenture/share issue expenses incurred and premium payable on debentures on pro-rata basis over the redemption period is expensed in the same year or as permitted by Section 78(2) of the Companies Act, 1956, adjusted against the Share Premium Account.

#### (E) Retirement Benefits

- (i) Company's contributions paid/payable during the year to Provident Fund, Officers' Superannuation Fund and Gratuity Fund are charged to the Profit and Loss Account.
- (ii) Leave encashment on retirement is provided on the basis of actuarial valuation.

#### (F) Fixed Assets

- (i) Fixed assets are stated at cost of acquisition or construction including attributable interest and financial costs till such assets are put to use — less specific grants received.
- (ii) Depreciation is provided —
  - (a) in respect of assets acquired upto July 31, 1968 on the written down value method at the rates prescribed in Schedule XIV of the Companies Act, 1956;
  - (b) in respect of assets acquired during the period August 1, 1968 to July 31, 1986 on the straight line method at the rates in force at the time of acquisition of assets in accordance with Circular No.: 1/86 dated May 21, 1986 issued by the Department of Company Affairs;
  - (c) in respect of assets acquired on or after August 1, 1986 on the straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956, on a pro-rata basis.
- (iii) Depreciation of leased assets is charged to Profit and Loss Account on straight line method over the primary lease period.
- (iv) Cost of leasehold land is amortised over the period of the lease.
- (v) In respect of quarry freehold land amortisation reserve is created by amortising the cost over the number of years of the mining rights of the quarries.

#### (G) Expenditure during construction period

In case of new projects and substantial expansion of existing factories, expenditure incurred including trial production expenses net of revenue earned and attributable interest and financing costs prior to commencement of commercial production are capitalised.

#### (H) Investments

Investments have been classified under 'Long term' and 'Current'. Long term investments are stated at cost or written down value (in case of permanent diminution). Current investments are stated at cost or fair value whichever is lower. Cost is determined on a weighted average basis.

#### (I) Research and Development

Revenue expenditure on Research and Development is charged out in the year in which it is incurred. Expenditure which results in creation of assets is included in Fixed Assets and depreciation is provided on such assets as applicable.



(J) Inventories

- (i) Raw Materials, Stock in trade and work in progress is valued at cost or net realisable value whichever is lower.
- (ii) Coal, packing materials and stores and spares are valued at cost. Cost is determined on a weighted average basis.
- (iii) Expenditure incurred on mobilisation and creation of facilities in respect of incomplete contracts is carried forward and written off in proportion to work done.

(K) Foreign Currency Transactions

- (i) Monetary items denominated in foreign currency are translated at the exchange rate prevailing on the last day of the accounting year except in respect of such items covered by forward contracts where the exchange difference between the forward rate and the exchange rate on the date of transaction is recognised over the life of the contract. Foreign currency transactions are accounted at the rate prevailing on the date of the transaction. In respect of overseas contract the transactions are accounted at average rate of conversions. Gain or loss arising out of translation / conversion is taken credit for or charged to the Profit and Loss Account.
- (ii) Exchange differences arising due to repayment of liabilities incurred for the purpose of acquiring fixed assets or restatement at the closing rate or at the forward rate contracted, as applicable, are adjusted in the carrying amount of the respective fixed assets.

(L) Miscellaneous Expenditure

- (i) Compensation payable to employees under the Voluntary Retirement Scheme has been deferred, to be written off over a period of five years.
- (ii) Expenditure incurred which results in creation of infrastructure not owned by the Company, is treated as deferred revenue expenditure to be written off over a period of five years.
- (iii) Expenditure incurred on acquisition of technical know-how for manufacturing process relating to new products is treated as deferred revenue expenditure to be written off over a period upto five years as against the past practice of charging out such expenditure in the year it was incurred. This change has no impact on the profits of the current year.

(M) Contingent Liabilities

Contingent liabilities are disclosed after a careful evaluation of the facts and legal aspects of the matter involved.

2. **MANAGERIAL REMUNERATION** (excluding contribution to gratuity fund) paid/payable to Directors:—

	Rs. Crore	Previous Year Rs. Crore
Managing/Whole-time Directors		
Salaries .....	0.27	0.26
Perquisites .....	0.36	0.18
Contributions to Provident and Superannuation Funds .....	0.07	0.26
Commission .....	—	0.79
	0.70	1.49
Directors other than the Managing/Whole-time Directors — Sitting Fees .....	0.03	0.03
	0.73	1.52

Consequent to inadequacy of profit for the year, under section 349 of the Companies Act, 1956, the remuneration paid to Directors has resulted in excess by Rs. 0.15 Crore, for permissibility of which, the Company is applying to the Central Government.

Computation of Managing/Whole-time Directors' Commission

	Rs. Crore	Previous Year Rs. Crore
Profit before extraordinary item and taxation as per Profit and Loss Account .....	15.44	88.92
Add : Provision for depreciation as per Profit and Loss Account .....	85.51	79.35
Assets written off as per Profit and Loss Account .....	0.48	0.60
Remuneration to Directors .....	0.73	1.52
Profit on sale of assets under Section 349(3)(d) of the Companies Act, 1956 .....	14.32	1.81
	116.48	172.20
Less: Depreciation under Section 350 of the Companies Act, 1956 .....	148.10	153.09
Profit on sale of assets .....	15.75	1.67
Assets written off under Section 350 of the Companies Act, 1956 .....	0.15	0.26
Pro-rata premium on redemption of debentures and equity shares and debenture issue expenses .....	1.47	0.98
	165.47	156.00
Profit as per Section 309(5) of the Companies Act, 1956 .....	(48.99)	16.20
Commission to Managing/Whole-time Directors as per Sections 198 and 309 of the Companies Act, 1956 .....	—	1.18
Restricted as per Service Agreements .....	—	1.05



3. The Company was hitherto making provisions under the Himachal Pradesh Taxation (On Certain Goods Carried By Roads) Act, 1991. The legislation was challenged in the High Court of Himachal Pradesh which in its judgement dated December 13, 1994 declared the Act as *ultra - vires ab initio*. An appeal by the State Government against the High Court judgement is pending with the Supreme Court. Based on the legal opinion obtained, the Company no longer considers making provisions necessary and has written back Rs. 19.37 Crore provided in the earlier years.
4. Under the Jute Packaging Materials (Compulsory use of Packing Commodities) Act, 1987, a specified percentage of cement despatched is required to be supplied in jute bags. The provisions of the said Act were challenged in the Supreme Court which in its judgement dated April 25, 1996 upheld the constitutional validity of this Act. The Company could not despatch cement in jute bags at the specified percentage in view of strong consumer resistance to use of jute bags as well as poor availability of jute bags. Arising out of this, the cement industry had made representations to the authorities to exempt cement from the provision of the aforesaid Act. The Ministry of Textiles in its order dated June 30, 1997 specified the commodities to be packed in jute bags under the said Act for the period July 1, 1997 to June 30, 1999 which does not include cement. Penalty, if any, which may be levied under the said Act for earlier periods is not ascertainable.
5. During an earlier year the company had received notices from certain State Governments and claims had also been preferred by certain collieries after enactment of 'Cess and Other Taxes on Minerals (Validation) Act,' 1992. In respect of these demands/claims received, the company had filed writ petitions and obtained stay orders. The Supreme Court in its judgement dated July 26, 1996 has upheld constitutional validity of the Act. However, the issue of validity of any fresh demand made is being reviewed by a larger Bench constituted by the Supreme Court and its verdict is awaited. The company had made provisions of Rs. 29.96 Crore in earlier years in respect of Mineral Rights Tax and Cess on limestone and coal which is considered adequate.
6. Advances and deposits with Railways, Government bodies and others (item 3(c), Schedule K) includes an amount of Rs. 9.95 Crore for setting up a power sub-station for the Company's Gagaj Works being an infrastructure project not owned by the Company. After completion of the project, half of the amount shall be recoverable through electricity charges.
7.
  - (i) The Company has an investment of Rs. 22.95 Crore in equity shares and cumulative redeemable preference shares of Floatglass India Ltd. (FGIL). The operations of FGIL have resulted in substantial erosion of its net worth and the Company is a potentially sick company under the Sick Industrial Companies (Special Provisions) Act, 1985. However, in view of the long term prospects of floatglass as a building product, no permanent diminution is envisaged.
  - (ii) The Company has an investment of Rs. 8.48 Crore in equity shares and Rs. 9.29 Crore due from ACC-Nihon Castings Limited (ANCL). Further the Company has given guarantees on behalf of ANCL to Financial Institutions for loans granted to ANCL and the contingent liability under these guarantees is Rs. 8.52 Crore as on March 31, 1998. The net worth of ANCL has been substantially eroded and the Company is potentially sick under the Sick Industrial Companies (Special Provisions) Act, 1985. Having regard to the restructuring process initiated, the Company expects significant improvement in the future and no provision is considered necessary.
8. CONTINGENT LIABILITIES NOT PROVIDED FOR :—
  - (A) Indemnity given to Bank of India for the guarantee/s executed by them on behalf of TRF Ltd. to the extent of Rs. 0.36 Crore — *Previous Year Rs. 0.36 Crore.*
  - (B) Indemnity and Guarantee/s given to Banks/Financial Institutions and Government Bodies for the grant of term loan and for other facilities on behalf of subsidiary companies excluding amount referred to in Note 7(ii) to the extent to Rs. 24.80 Crore — *Previous Year Rs. 33.45 Crore* — and — others Rs. 9.95 Crore — *Previous Year Rs. 9.95 Crore.*
  - (C) Guarantee provided to a Corporate Body on behalf of Subsidiary Company Rs. 1.75 Crore — *Previous Year Rs. 1.75 Crore.*
  - (D) Uncalled amount on Investments in partly paid shares Rs. 0.03 Crore — *Previous Year Rs. 0.03 Crore.*
  - (E) As a signatory to the Memorandum of Association of The Cement Allocation and Co-ordinating Organisation, a company limited by guarantee Rs. 0.01 Crore — *Previous Year Rs. 0.01 Crore.*
  - (F) Sales Tax Rs. 0.91 Crore — *Previous Year Rs. 0.76 Crore.*
  - (G) Claims against the Company not admitted as debts Rs. 4.75 Crore — *Previous Year Rs. 8.17 Crore.*
  - (H) Income Tax Rs. 7.97 Crore — *Previous Year Rs. 7.10 Crore.*
9. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 89.33 Crore — *Previous Year Rs. 184.36 Crore.*
10. Revenue expenditure on Research and Development amounting to Rs. 12.25 Crore — *Previous Year Rs. 12.25 Crore* — has been charged to Profit and Loss Account and Capital Expenditure relating to Research and Development amounting to Rs. 0.56 Crore — *Previous Year Rs. 1.64 Crore* — has been included in Fixed Assets (Schedule 'E' Page 21).
11. An amount of Rs. 0.01 Crore — *Previous Year Rs. 0.01 Crore* — is outstanding as at March 31, 1998 to suppliers under the "Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertakings Act, 1993".
12. Excise Duty liability amounting to Rs. 4.11 Crore — *Previous Year Rs. 4.87 Crore* — on manufactured goods lying in factory premises has not been provided and also not included in the valuation of stock-in-trade. However, it has no impact on the Profit and Loss Account.



13. A charge has been created on stocks, stores, etc., in favour of Banks in consideration of guarantees and letter of credit issued/to be issued by it to the limit of Rs. 215 Crore on behalf of the Company — *Previous Year Rs. 215 Crore.*
14. The Declarations filed under the Urban Land (Ceiling & Regulations) Act, 1976, in respect of the Company's holdings in certain States in excess of the ceiling prescribed under the Act and the applications for exemption filed under Section 20 of the Act to retain these lands are under consideration of the concerned Authorities, except that in the case of three Units, the concerned State Governments have granted the required exemption.
15. Raw Materials etc. (Item 2 of Schedule 2, Page 15) includes consumption of Coal and Oil for Kilns, etc. Rs. 251.25 Crore — *Previous Year Rs. 270.73 Crore.*
16. Stores consumed (Item 5(a) of Schedule 2, Page 15) is after deduction of Rs. 78.08 Crore charged to Raw Materials and other relevant heads — *Previous Year Rs. 94.22 Crore.*
17. Future obligation by way of lease rentals payable Rs. 36.46 Crore — *Previous Year Rs. 36.12 Crore.*
18. The amount of exchange difference in respect of forward exchange contracts to be recognised in the Profit and Loss Account of future period — Net loss of Rs. 0.22 Crore.
19. **ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS 3 & 4 OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956 :—**

## (A) Sales by class of goods —

	Unit	1997-98		1996-97	
		Quantity	Rs. Crore	Quantity	Rs. Crore
(i) Cement@ .....	Lakh Tonnes	88.72	1974.65	90.46	2074.28
(ii) Refractories and Refractory Products	"	0.78	141.55	0.77	123.77
(iii) Ready mix concrete .....	"	4.48	45.29	1.87	12.90
(iv) Consultancy Services .....	—	—	47.16	—	49.82
(v) Erection, Fabrication & Contracts .....	—	—	13.89	—	12.96
(vi) Real Estate Development.....	Nos.	1	0.06	1	0.05
(vii) Miscellaneous .....	Lakh Tonnes	1.98	7.76	4.40	10.17
(viii) Purchased Cement & other products	"	5.77	169.65	6.57	185.27
			<u>2400.01*</u>		<u>2469.22*</u>

\* Includes :

(a) Used at and/or despatched to works	27.27	27.85
(b) Excise Duty	335.18	337.11

@ Includes 2.21 Lakh tonnes of clinker value Rs. 28.44 Crore — *Previous Year 1.94 Lakh tonnes — Rs. 24.91 Crore.*(B) Details of raw materials & components consumed (including labour cost Rs. 6.58 Crore — *Previous Year Rs. 7.22 Crore*) —

	Unit	1997-98		1996-97	
		Quantity	Rs. Crore	Quantity	Rs. Crore
(i) Limestone (including overheads) .....	Lakh Tonnes	100.08	110.32	106.22	111.68
(ii) Granulated Slag .....	"	8.73	33.28	8.70	31.96
(iii) Gypsum .....	"	4.65	45.42	4.71	41.73
(iv) Clay .....	"	0.14	0.82	0.18	0.28
(v) Others .....	—	13.77	104.14	15.67	92.28
			<u>293.98</u>		<u>277.93</u>



(C) Licensed and installed capacity, actual production and opening and closing stocks —

	Unit	*Installed/Rated Capacity per annum as at March 31,		Actual Production	
		1998	1997	1997-98	1996-97
(i) Cement .....	Lakh Tonnes	100.77	98.72	88.82	90.32
(ii) Refractories and Refractory Products .....	"	0.94	0.87	0.81	0.78
(iii) Ready mix concrete .....	"	16.16	10.98	4.48	1.87
(iv) Synthetic Ferric Oxide .....	Tonnes	10,000	10,000	883	955

Licensed Capacity per annum not indicated due to the abolition of Industrial Licences as per Notification No. 477(E) dated July 25, 1991 issued under The Industries (Development and Regulation) Act, 1951.

\* As certified by the Management and accepted by the Auditors.

	Unit	Opening Stocks as at				Closing Stocks as at			
		April 1, 1997		April 1, 1996		March 31, 1998		March 31, 1997	
		Quantity	Rs. Crore	Quantity	Rs. Crore	Quantity	Rs. Crore	Quantity	Rs. Crore
(i) Cement .....	Tonnes	3,03,013	52.28	3,17,260	47.64	3,13,227	54.55	3,03,013	52.28
(ii) Refractories and Refractory Products .....	"	3,369	7.97	1,747	2.96	2,706	5.75	3,369	7.97
(iii) Miscellaneous .....	"	460	0.53	573	0.56	254	0.29	460	0.53
(iv) Real Estate Development .....	Nos.	4	0.06	5	0.10	3	0.02	4	0.06
(v) Purchased Cement and Other Products .....	Tonnes	7,877	2.36	8,565	2.26	6,212	3.88	7,877	2.36
			63.20		53.52		64.49		63.20

(D) Purchase of Cement and Other Products — 5.75 Lakh Tonnes — Rs. 142.59 Crore  
(Previous Year — 6.56 Lakh Tonnes — Rs. 150.49 Crore).

(E) Value of imports calculated on C.I.F. basis —

	1997-98	1996-97
	Rs. Crore	Rs. Crore
(i) Raw Material .....	7.96	3.79
(ii) Packing Material .....	1.33	—
(iii) Components and Spare Parts .....	5.32	14.87
(iv) Coal .....	19.64	22.58
(v) Capital Goods .....	29.60	13.05
	63.85	54.29





## (F) Expenditure in foreign currencies —

	1997-98	1996-97
	Rs. Crore	Rs. Crore
(i) Interest (including payments in Rupees to a Financial Institution on foreign currency loans) .....	13.10	1.84
(ii) Expenses on foreign contracts .....	18.58	13.35
(iii) Travelling Expenses .....	1.67	2.40
(iv) Books, Publications and Membership Fees paid .....	0.10	0.31
(v) Postage, Telegrams, Telex and other expenses .....	0.05	0.05
(vi) Technical Know-how paid (net of taxes) .....	6.52	3.84
(vii) Commission on Exports paid .....	0.59	0.59
(viii) Consultant's Fees .....	0.10	0.07
	<u>40.71</u>	<u>22.45</u>

## (G) Value of imported and indigenous raw materials, components and spare parts consumed —

	Raw Materials				Components and Spare Parts			
	1997-98		1996-97		1997-98		1996-97	
	Rs. Crore	%	Rs. Crore	%	Rs. Crore	%	Rs. Crore	%
(i) Imported .....	11.89	5.35	8.84	4.50	4.90	7.33	11.33	15.19
(ii) Indigenous .....	210.27	94.65	187.80	95.50	61.97	92.67	63.28	84.81
	<u>222.16</u>	<u>100.00</u>	<u>196.64</u>	<u>100.00</u>	<u>66.87</u>	<u>100.00</u>	<u>74.61</u>	<u>100.00</u>

## (H) Earnings in foreign exchange —

	1997-98	1996-97
	Rs. Crore	Rs. Crore
(i) Export of Cement, Refractory Products and Spares on F. O. B. basis .....	21.23	28.06
(ii) Earnings on contract services .....	26.41	21.93
(iii) Consultancy Services .....	5.48	1.19
(iv) Sale of Publications .....	0.02	0.01
(v) Gain in Exchange (Net) .....	0.93	0.15
	<u>54.07</u>	<u>51.34</u>

20. Previous year's figures have been regrouped/restated wherever necessary to make them comparable with current year's figures.

21. Figures have been shown in Rupees Crore only, in accordance with the approval from the Company Law Board.



## Additional information Pursuant to Part IV of Schedule VI to the Companies Act, 1956

### Balance Sheet Abstract and Company's General Business Profile

#### I. REGISTRATION DETAILS

Registration No. 1 1 2 5 1 5

State Code 1 1

Balance Sheet Date 3 1 0 3 9 8  
Date Month Year

#### II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSANDS)

Public Issue

N I L

Right Issue\*

1 0 2 3

Bonus Issue

N I L

Private Placement

N I L

\*(incl. Share Premium received during the year Rs. 1000 thousands.)

#### III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSANDS)

Total Liabilities

2 9 3 7 8 0 0 0

Total Assets

2 9 3 7 8 0 0 0

##### SOURCES OF FUNDS

Paid-up Capital

1 3 6 8 3 0 0

Reserves &amp; Surplus

8 5 6 0 5 0 0

Secured Loans

1 1 1 6 8 2 0 0

Unsecured Loans@

3 6 6 0 3 0 0

@ (incl. Stockists' Deposits Rs. 304100 thousands)

##### APPLICATION OF FUNDS

Net Fixed Assets

1 8 2 6 9 4 0 0

Investments

1 8 9 4 6 0 0

Net Current Assets

4 2 3 4 3 0 0

Misc. Expenditure

3 5 9 0 0 0

Accumulated Losses

N I L

#### IV. PERFORMANCE OF COMPANY (AMOUNT IN RS. THOUSANDS)

Turnover

2 4 8 4 7 3 0 0

Total Expenditure

2 4 6 9 2 9 0 0

Profit (Loss) Before Tax

1 5 4 4 0 0

Profit (Loss) After Tax

1 3 4 4 0 0

Earning per Share (in Rs.)

9

Dividend Rate (%)

1 5

#### V. GENERIC NAME OF PRINCIPAL PRODUCT OF COMPANY (AS PER MONETARY TERMS)

Item Code No. (ITC Code)

2 5 2 3 0 0

Product Description

C E M E N T

6 9 0 2 0 0

R E F R A C T O R Y

C O N S U L T A N C Y S E R V I C E

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 1998.**

	Rs. Crore	Previous Year Rs. Crore
<b>A. Cash flow from operating activities —</b>		
1. Net profit before tax and extraordinary items .....	15.44	88.92
Adjustments for :		
2. Depreciation .....	85.51	79.35
3. Profit on sale of fixed assets .....	(15.75)	(1.67)
4. Interest & dividend income (Gross) .....	(18.59)	(19.23)
5. Interest expense .....	119.14	118.29
6. Debenture issue expenses adjusted against share premium .....	(1.06)	—
7. Assets/Capital Work in Progress written off .....	2.26	0.60
8. Miscellaneous expenditure written off .....	5.26	0.38
Operating profit before working capital changes .....	192.21	266.64
Adjustments for :		
9. Trade receivables .....	(34.55)	(36.30)
10. Inventories .....	0.30	(7.24)
11. Other receivables .....	(26.72)	(43.44)
12. Trade payables .....	(18.52)	38.60
13. Provision for gratuity & leave encashment .....	1.39	1.43
14. Compensation under voluntary retirement scheme .....	(37.68)	(1.90)
15. Cost of assets not owned by the company .....	(1.96)	—
Cash generated from operations .....	74.47	217.79
16. Direct taxes — Refund/(Paid) .....	12.98	(16.12)
Net Cashflow from operating activities .....	87.45	201.67
<b>B. Cashflow from investing activities —</b>		
17. Loans to companies and public bodies .....	2.31	(0.18)
18. Purchase of fixed assets .....	(409.10)	(359.70)
19. Sale of fixed assets .....	11.27	2.36
20. Purchase of Investments .....	(25.65)	(44.11)
21. Sale/Redemption of Investments .....	16.03	7.00
22. Interest received .....	8.46	9.74
23. Dividend received .....	11.36	12.64
Net cash used in investing activities .....	(385.32)	(372.25)
<b>C. Cashflow from financing activities —</b>		
24. Proceeds from issue of share capital (net of share issue expense) .....	0.03	31.20
25. Proceeds from/(Repayment of) borrowings .....	515.34	304.42
26. Interest Paid .....	(160.44)	(133.80)
(includes amount capitalised Rs. 51.52 Crore, previous year Rs. 16.99 Crore)		
27. Dividend Paid .....	(37.91)	(32.08)
28. Dividend Tax Paid .....	(4.11)	—
Net cash used in financing activities .....	312.91	169.74
Net increase /(decrease) in cash and cash equivalents .....	15.04	(0.84)
Cash and Cash equivalents — Opening Balance .....	50.54	51.38
— Closing Balance .....	65.58	50.54

Notes: 1. All figures in brackets are outflow  
2. Previous year's figures have been regrouped wherever necessary

For and on behalf of the Board,

PALLONJI S. MISTRY  
Chairman

S. GANGULY  
Vice-Chairman

T. M. M. NAMBIAR  
Managing Director

A. K. CHATTERJEE  
Whole-time Director

P. K. SINOR  
Whole-time Director &  
Company Secretary

N. H. ITALIA  
President Finance

Mumbai, May 28, 1998.

**AUDITORS' REPORT**

We have examined the above cash flow statement of The Associated Cement Companies, Limited for the year ended March 31, 1998. The statement has been prepared by the Company in accordance with the listing requirements of the listing agreement with the Stock Exchanges and is based on and derived from the audited accounts of the Company for the year ended March 31, 1998.

For K. S. AIYAR & CO.  
Chartered Accountants

MANI A. AIYAR  
Partner

Mumbai, May 28, 1998.

For A. F. FERGUSON & CO.  
Chartered Accountants

R. SUBRAMANIAM  
Partner



**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956.  
RELATING TO SUBSIDIARY COMPANIES**

	ACC Machinery Company Limited	The Cement Marketing Company of India, Limited	ACC-Nihon Castings Limited	Bulk Cement Corporation (India) Limited	Damodhar Cement and Slag Limited
(A) The "Financial Year" of the Subsidiary Companies.. . . . .	March 31, 1998	March 31, 1998	March 31, 1998	March 31, 1998	March 31, 1998
(B) Shares of the subsidiary held by The Associated Cement Companies, Limited on the above dates :					
(a) Number and face value .. . . .	3,00,000 Shares of Rs. 100 each fully paid up	3,610 Shares of Rs. 100 each on which Rs. 10/- per Share paid-up	84,82,538 Shares of Rs. 10/- each fully paid-up	1,24,60,050 Shares of Rs. 10/- each fully paid-up	131,93,447 Shares of Rs. 4.50 each and 209,70,000 Shares of Rs. 10 each fully paid-up
(b) Extent of holding .. . . .	100%	100%	54.97%	66.67%	98%
(C) The net aggregate of Profits/Losses of the Subsidiary Companies so far as it concerns the members of The Associated Cement Companies, Limited —					
(a) not dealt with in the accounts of The Associated Cement Companies, Limited for the year ended March 31, 1998 amounted to —					
(i) for the Subsidiaries' financial year ended as in (A) above .. . . .	Rs. 11.06 Lakhs	Rs. — Lakh	Rs. 344.45 Lakhs (Loss)	—	Rs. 83.02 Lakhs
(ii) For the previous financial years of the Subsidiaries since they became the Holding Company's Subsidiaries .. . . .	Rs. 365.79 Lakhs	Rs. 0.07 Lakh	Rs. 431.83 Lakhs (Loss)	—	Rs. 2963.56 Lakhs
(b) dealt with in the accounts of The Associated Cement Companies, Limited for the year ended March 31, 1998 amounted to —					
(i) for the Subsidiaries' financial year ended as in (A) above .. . . .	Rs. 30.00 Lakhs	—	—	—	—
(ii) For the previous financial years of the Subsidiaries since they became the Holding Company's Subsidiaries .. . . .	Rs. 55.73 Lakhs	—	—	—	—

For and on behalf of the Board,

PALLONJI S. MISTRY  
Chairman

S. GANGULY  
Vice Chairman

T. M. M. NAMBIAR  
Managing Director

A. K. CHATTERJEE  
Whole-time Director

P. K. SINOR  
Whole-time Director  
& Company Secretary

N. H. ITALIA  
President Finance

Mumbai, June 24, 1998.

**ANNEXURE 'A' TO DIRECTORS' REPORT (Para 14)**

Statement pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

**(A) CONSERVATION OF ENERGY****(a) Energy conservation measures taken:**

- Energy audit studies conducted at various cement plants for effecting short term measures
- Modification in preheater cyclone to reduce pressure drop at Chanda Cement Works
- Replacement of inefficient fans by high efficiency fans at various cement plants

**(b) Additional investments and proposals, if any, being implemented for reduction of energy consumption:**

- Replacement of three wet process kilns and grinding systems by one ultra modern dry process kiln and a vertical roller mill with latest instrumentation and distributed control system (DCS) at Lakheri Works
- Installation of one large dry process plant with preheater/calcliner of 1.2 MTPA at Kymore Works
- Installation of a new vertical roller mill for slag grinding at Sindri Works
- Installation of pre grinding vertical roller mill for cement clinker at Chanda Works
- Installation of fluidised bed slag dryer at Chaibasa Works
- Clinker capacity expansion of Gagal and Madukkarai Cement Works

**(c) The impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:**

- Savings in energy usage; both thermal and electrical

**(d) Total energy consumption and energy consumption per unit of production as per Form A.****FORM A****Power and Fuel Consumption**

	Current Year			Previous year		
	Lakh Units (KWH)	Total Amount (Rs. Lakhs)	Rs. (per Unit)	Lakh Units (KWH)	Total Amount (Rs. Lakhs)	Rs. (per Unit)
<b>(1) Electricity</b>						
<b>(a) Purchased</b>						
Cement	6901	21021	3.05	6949	19945	2.87
Refractory Products	99	375	3.78	100	381	3.82
Synthetic Ferric Oxide	23	76	3.35	23	69	3.05
<b>(b) Own Generation</b>						
<b>(i) Through Diesel Generator</b>						
Cement	616	2062	3.35	1014	2990	2.95
Refractory Products	21	86	4.16	29	113	3.94
<b>(ii) Through Steam Turbine/ Generator</b>						
Cement	3331	7338	2.20	2903	6538	2.25

	Current Year			Previous Year		
	Quantity (Lakh Tonnes)	Total Cost (Rs. Lakhs)	Average Rate (Rs./Tonne)	Quantity (Lakh Tonnes)	Total Cost (Rs. Lakhs)	Average Rate (Rs./Tonne)
(2) Coal (for kiln)						
Cement	14.9	24845	1671	17.0	26278	1543
Refractory Products	0.05	78	1632	0.07	123	1814
(3) LPG & Propane						
Synthetic Ferric Oxide	0.01	115	11351	0.01	122	11504
	Total Amount			Total Amount		
	Kilo Litres	(Rs. Lakhs)	Rs. per Litre	Kilo Litres	(Rs. Lakhs)	Rs. per Litre
(4) Furnace Oil						
Cement	280	25	9.05	757	62	8.21
Refractory Products	2242	142	6.34	2146	141	6.58
Synthetic Ferric Oxide	64	4	5.66	77	4	5.69
(5) L.S.H.S. Oil						
Refractory Products	2633	175	6.64	3395	212	6.25
(6) Diesel Oil						
Refractory Products	1311	112	8.51	1873	142	7.56

## Consumption per Unit of Production

	Standard <sup>@</sup> (if any)	Current Year	Previous Year
(a) Electricity KWH/T			
Cement — *			
Wet process	89-105	92	97
Semi dry/Dry process	98-110	102	105
Refractory Products	—	104	132
Synthetic Ferric Oxide	—	2420	2060
(b) Furnace Oil Kilo Litres/T			
Cement —	—	0.00003	0.00008
Refractory Products	—	0.028	0.027
Synthetic Ferric Oxide	—	0.07	0.07
(c) Coal for Kiln K. Cal/Kg. Clinker			
Cement —			
Wet process	1350	1288	1306
Semi dry/Dry process	720-990	829	837
(d) Coal/T of Refractory Products	—	0.08	0.11
(e) L.S.H.S. Oil Kilo litres/T of			
Refractory Products	—	0.03	0.04
(f) Diesel Oil			
Kilo Litres/T of			
Refractory/Products	—	0.02	0.02
(g) LPG & Propane/T of Synthetic			
Ferric Oxide	—	1.14	1.01

<sup>@</sup> Source : Publication of Confederation of Indian Industries

\* excludes non-process power consumption



**(B) TECHNOLOGY ABSORPTION****Research & Development (R&D)****1. Specific areas in which R&D carried out by the Company**

- Utilisation of low grade raw materials for manufacture of cements
- Development of high performance concrete using the densified system of particles
- Development of catalyst and catalytic systems for environmental protection
- Development of advanced ceramic powders for electronic and structural applications

**2. Benefits derived as a result of above R&D**

- Increased business opportunities through technology transfer to operating plants
- Identification of potential areas for diversification
- Strategic competence building in newer cement technologies
- Development of environment friendly products and process with emerging market needs

**3. Future plan of action**

- Trial marketing of products from pilot plant and eventual commercialisation through technology transfer
- Development of high performance super refractories from alumina based multi-component systems
- Explore emerging areas in advanced materials

**4. Expenditure on R&D****Rs. Lakhs**

(a) Capital	56
(b) Recurring	1225
(c) Total	1281
(d) Total R & D expenditure as percentage of total turnover	0.5%

**Technology absorption, adaptation and innovation****I. Efforts, in brief, made towards technology selection, absorption and innovation****(a) Technology under implementation:**

- Technology for special refractory castables and mouldables from M/s Harbison Walker, USA
- Technology for manufacture of microwave ferrites from M/s. Hiltek Materials Ltd. U.K.
- Technology for surface coating of Diamond like nano composites (Dylyn coating) from M/s Advanced Refractory Technologies Inc., USA

**(b) Technology fully absorbed:**

- Technology for manufacture of Tap Hole Clay from M/s TRB, France

**II. Benefits derived as a result of the above effort**

- Import substitution
- New product development

III. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), the following information is furnished:

- (i) (a) Manufacture of magchrome bricks
- (b) Manufacture of advanced ceramics
- (c) System for control of air pollution
- (d) Manufacture of Synthetic Ferric Oxide
- (e) Manufacture of monolithic refractories for steel industry
- (f) Manufacture of Special refractory castables and mouldables

(ii) Year of Import

1993-94

1991-92, 1992-93, 1993-94

1993-94

1995-96

1996-97

1997-98

(iii) Has the technology been fully absorbed

Yes

**(C) FOREIGN EXCHANGE EARNING AND OUTGO**

**Rs. Lakhs**

(i) Foreign exchange earned

5407

(ii) Foreign exchange used

10456

For and on behalf of the Board,

PALLONJI S. MISTRY  
Chairman

Mumbai, June 24, 1998.



## ANNEXURE 'B' TO DIRECTORS' REPORT (Para 15)

## STATEMENT PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 1998.

Sr. No.	Name	Designation & Nature of duties	Remuneration Received		Qualifications	Date of Commencement of Employment	Age in years	Last Employment
			Gross Rs.	Net Rs.				
1.	Ahuja I. C.	Sr. Vice-President — PED	6,28,519	3,91,056	B.Sc., B.E. (Mech.)	1.11.64	54	Hindustan Steel, Durgapur
2.	Anantharaman V. J.	Vice-President — Cement & Mineral Project	4,13,421	2,73,181	M. Tech. (Hons.)	20.8.77	45	KCP Limited
3.	Avari N. S.	Sr. Manager — Legal	4,05,210	3,01,982	B.A., LL.M., CAIIB	16.1.68	58	Union Bank of India
4.	Ayyer S. R.	Sr. Manager — Process CMP	3,18,004	1,97,509	B.Sc. Engg. — Elect.	8.12.65	54	Nil
5.	Bakshi P. S.	Sr. Manager — Kymore Works	3,42,256	2,63,682	B.E. (Mech.)	2.5.96	45	AMCL
6. @	Barua Subrata	Vice President — AAICL	4,31,933	2,64,792	B. Tech. (Cer.)	6.7.92	45	SAIL — Ranchi
7.	Basumallik U.	Vice-President — Marketing	4,35,871	2,54,482	B. Tech. (Elec)	15.9.70	50	Nil
8.	Bhandari D. K.	Sr. Manager — Admn. Service	3,05,036	1,86,867	B.Com.	1.3.95	57	Indian Army
9	Bhattacharya T.	Vice-President — RCD	4,72,735	2,88,842	B.Sc., M.Tech. Engg.	19.12.94	57	ICI India Ltd.
10.	Bir R. B. S.	Vice-President — Marketing	3,29,029	1,99,011	B.Tech. PGDM	3.3.97	44	Rajinder Steels Ltd. — Mumbai
11.	Biswas B.	Vice-President — Marketing	4,48,524	2,50,611	B.Sc., B. Tech.	29.11.89	44	Carborundum UNI
12.	Bose T. K.	Vice-President — HR & A.	4,03,037	2,72,793	M.A., LL.B.	6.12.68	58	Delhi Cloth Mills
13.	Chadha N.	Sr. Vice-President — Kymore Works	6,23,333	4,24,984	B.Sc., Engg. Elect.	3.4.72	50	Nil
14.	Chanda R. K.	Sr. Manager — Materials	3,13,843	2,13,094	B.E.	1.11.82	51	Shipping Corporation
15.	Chatterji (Dr.) A. K.	Whole-time Director	21,25,850	12,09,711	M.Sc., Ph.D.	7.1.80	57	General Manager, CRI New Delhi
16. @	Chatterjee S. K.	Vice-President — Marketing Bridgestone ACC India Ltd.	3,85,740	2,38,239	B.Tech. MBA	16.6.89	42	Hyderabad Industries
17.	Chattopadhyay Dr. A. K.	Sr. Vice-President — Refractory Business	5,50,556	3,40,849	B.Sc. M. Tech.	28.6.91	45	Natraj Ceramics
18. *	Chattopadhyay B. C.	Vice-President — Marketing Floatglass India Ltd.	2,66,347	1,70,125	B.Sc. Engg.	1.7.91	50	Eternit Everest
19.	Chattopadhyay A.	Vice-President — Chaibasa Works	4,23,259	3,13,170	B.E. (Mech.), M. Tech.	18.8.76	47	Nil
20.	Cursetjee R. M.	Vice-President — R&D	4,18,682	2,76,850	M.Sc. (Chem.)	15.11.72	53	Fertilizer Corp. of India — Sindri
21. @	Daftary H. D.	Director — Finance Floatglass India Ltd.	6,28,365	4,32,431	B.Com., ACA, LL.B.	21.11.78	42	Tandon & Co.
22.	Damle M. G.	Sr. Manager — Geology	3,34,257	2,09,172	M.Sc. (Geology)	13.9.76	42	Nil
23.	Das Nag K. K.	Vice-President — RMD	4,14,014	2,79,209	B.Sc., B.E. Elect.	5.4.91	44	Voltas Ltd.
24.	Datta Gupta J.	Vice-President — Marketing	3,77,250	2,23,855	B. Tech. (Elect. Engg.)	10.8.76	44	Nil
25.	Desa A. D.	Vice-President — Corporate Communications	4,96,438	2,91,418	M.A., LL.B.	6.3.67	58	Grant Advertising
26.	Desai K. R.	Vice-President — Mancherial Works	3,96,572	2,65,927	B. Tech.	2.8.71	52	Nil
27.	Dhondy (Mrs.) J. N.	Manager — Legal	3,00,471	2,24,176	B.A., LL.M.	26.3.73	46	Nil
28.	Fitter D. K.	Sr. Manager — Finance	3,52,669	2,41,005	B.Com., LL.B., FCA	6.11.67	57	M/s. Sorab & Eng.
29. *	Ganguly (Dr.) S.	Executive Vice-Chairman	45,36,847	25,22,930	M.Sc., Ph.D. FPRI London FIICHE	1.11.88	65	Chairman & Managing Director IPCL
30.	Ghai D. S.	Sr. Vice-President — Wadi Works	5,60,209	3,54,835	B.E. Hons., Chemical	8.8.71	50	IRIL — Jodhpur
31.	Govil R. P.	Sr. Vice-President — Jamul Works	5,74,152	4,66,693	B.Sc., B.E. (Elect.)	20.11.68	55	Nil
32.	Gunishastri A. P.	Manager — Finance	3,05,560	2,28,987	B.Sc., AICWA	11.5.76	47	Nil
33. *	Gupta K. M.	Sr. Manager — Liaison	2,16,369	1,80,899	M.Com.	6.6.94	60	Govt. of India
34.	Gupta M. L.	Sr. Vice-President — Marketing	6,85,604	3,98,397	B. Tech. (Hons.)	9.1.68	57	Nil
35.	Gupta N. P.	Vice-President — Productivity	4,18,522	2,50,971	B.E. (Elect.)	28.3.67	54	K. G. Polytechnic
36.	Guptarishi B. K.	Sr. Manager — R&D	3,17,884	2,18,925	B.Sc., DBM	24.11.62	57	Food Corp.
37.	Hingorani R. K.	Sr. Manager — Civil	3,52,203	2,65,452	B. Tech. (Civil)	12.10.62	59	PWD Government of M.P.
38.	Italia N. H.	President — Finance	9,51,377	6,48,700	B.Com., A.C.A.	1.6.72	51	Director Finance, Floatglass India Ltd.
39.	Iyer Ramakrishnan P.	Sr. Manager — Material	3,17,703	2,17,886	B.Sc. Engg.	1.12.65	55	Nil
40.	Jain A. K.	President — Mktg. Cemt. Business	11,25,745	7,36,218	B. Tech. (Hons.)	1.8.69	50	Nil
41.	Kaku P. K.	Vice-President — Lakheri Works	3,53,221	2,45,054	B.E. (Elect.), Dip. in Computers	15.7.67	52	Nil
42.	Kavadia K. M.	Sr. Manager — Environment	3,20,858	2,44,499	M. Tech., MBA	13.3.92	51	Bhagwati Design
43.	Ketkar A. D.	Vice-President — Civil	4,87,267	3,25,959	B.E.	13.11.61	59	P.W.D.
44.	Khanwalkar S. R.	Sr. Manager — Civil	3,30,462	2,26,791	B.Sc. Engg.	8.8.91	55	National Diary
45.	Khare S. P.	Manager — HR & A.	3,09,898	2,28,576	B.A., LL.B., DILL DLW	1.12.82	57	Malleable Iron
46.	Kondal I. S.	Sr. Manager — Factory Operations	3,62,054	2,53,185	B.Sc. Engg.	20.12.65	55	Nil
47.	Krishnamurthy S.	Sr. Manager — Finance	3,33,073	2,42,736	B.Sc. ACA	6.6.77	48	Bharat Gears Ltd.
48.	Kulkarni R. H.	Vice-President — Elec. & Inst.	5,32,137	3,62,644	B.E.	26.11.62	57	Nil
49. @	Kumar Jayant	General Manager — ANCL	3,42,572	2,14,071	M. Tech.	11.4.81	42	Central India Machinery Manufacturing Co.
50.	Kumar S.	Vice-President — Katni & Kymore Ref.	3,34,570	2,29,605	B. Tech. in Cer. Engg.	5.5.82	43	Bhilai Steel Plant
51. @	Kunzru R. M.	Director I & O — Floatglass India Ltd.	6,15,623	3,89,895	B. Tech. Hons.	8.8.70	53	Modi Steels
52.	Mathai T. V.	Vice-President — Projects	5,50,440	3,59,745	B.E. Electrical FIE	26.11.84	59	Malabar Cements



Sr. No.	Name	Designation & Nature of duties	Remuneration Received		Qualifications	Date of Commencement of Employment	Age in years	Last Employment
			Gross Rs.	Net Rs.				
53.	Mathur S. P.	Vice-President — HR & A.	4,27,474	2,76,090	M.A. (Soc.) PNL Management	1.8.72	56	Sahney Steel
54.	Mishra G.	Vice-President — Mining	4,96,352	3,06,055	B. Tech. 1st Class Mine	31.3.65	55	Nil
55.	Mohan Ravinder	Sr. Vice-President — Madukkarai Works	6,15,013	4,01,266	B. Tech. D.M.S.	1.7.71	48	Nil
56.	Mohanty (Dr.) R. P.	Vice-President — Manpower & Training	3,71,167	2,45,374	B.Sc. Engg. M. Tech. Ph.D., PGDM	17.8.95	53	Professor — I.I.T. (Mumbai)
57.	Moulik (Dr.) B. S.	Vice-President — TMT	3,67,350	2,31,282	Ph.D. — DIC	23.3.93	58	Jhonson & Jhonson
58. @	Mukhopadhyay A. R.	Works Manager — DCSL	3,24,504	2,37,506	B.Sc.	1.11.68	56	Nil
59. *	Nair R. K. R.	Sr. Manager — Projects	1,34,393	99,813	B.Sc. Engg.	28.10.63	60	Neyveli Lignite Corporation, Neyveli
60.	Nambiar T. M. M.	Managing Director	36,72,538	20,88,875	B.Com., ACA	17.11.75	60	Sr. Management Staff-Financial Accounts, Burmah Shell Oil Storage & Distribution Co. of India Ltd.
61.	Nandkumar R.	Vice-President — Marketing	4,31,486	2,44,376	B.A., MBA	1.6.79	43	Chettinad Cement
62.	Nandakumar S.	Vice-President — Chanda Works	4,12,494	2,62,575	B. Tech.	1.8.71	49	Nil
63.	Nandy P. K.	Senior Manager — Marketing RSP	3,38,935	2,23,428	B.Sc.	31.10.84	59	Bokaro Steel Plant
64.	Narain L. K.	President — H.R. & Admn.	11,39,388	6,98,083	M.A., BL	2.7.93	55	Piramal Enterprises Ltd.
65.	Narayanan M.	Sr. Manager — Finance	3,24,451	2,06,289	B.Com., SAS (Commercial)	22.1.86	59	Cement Corpn. of India
66.	Narula M. L.	Whole-time Director	21,59,861	12,43,407	B.Sc. Engg. Elec. FIE India	15.1.63	57	Nil
67.	Page C. H.	Vice-President — Advance Materials	4,27,773	2,53,403	M.Sc.	1.8.78	52	The Standard Batteries Limited
68.	Pai B. V. B.	Vice-President — Concrete Consultancy Services	4,11,751	2,65,539	B.E. AMIE India	29.9.66	58	Burmah Shell, Calcutta
69.	Pathak A. K.	President & Chief Exec. RCD	11,23,748	7,67,575	B. Tech.	8.8.71	49	Nil
70.	Pathak Arvind	Works Manager — Wadi Works	4,06,127	3,38,079	B. Tech., PGDIE	30.1.84	39	Jyoti Ltd. — Vadodra
71.	Polishwala F. N.	Sr. Manager — Finance	3,09,883	2,29,331	B.Com., ACA	1.7.75	50	Nil
72.	Prakash S.	Vice-President — Information Systems Dept.	4,05,161	2,57,561	B.E. M.Sc. MBA	26.4.83	53	Boeing Computer
73.	Purohit M. A.	Vice-President — New Projects	4,42,035	2,68,216	M.E.	2.11.78	50	Enjay Industries
74.	Raja A. N. L.	Vice-President — GEM Division	4,39,909	2,80,891	M.Sc. Geology MMGI	23.12.70	49	Nil
75.	Rajak R. N.	Sr. Manager — Refractory	3,00,797	1,93,514	B.Sc., M. Tech.	30.9.70	51	Nil
76. *	Rajoria M. M.	Whole-time Director	28,38,357	9,18,726	B.Sc., B.Sc. Mining Engg.	16.4.61	65	Asst. Manager, M/s. B. N. Evas & Co. Ltd.
77.	Ramasubramanian R.	Vice-President — Marketing Planning & Distribution	5,34,280	3,57,863	B.Sc. Engg.	11.8.62	59	Section Officer Neyveli Lignite Corporation
78.	Rangarajan T. S.	Sr. Vice-President — Southern Region	7,11,196	4,00,505	B.Sc., PGDM, AICWAI, ACS	1.6.70	48	Nil
79.	Ravindran K.	Sr. Vice-President — Finance	6,37,430	4,38,452	B.Com., FCA	1.10.92	49	Financial Controller — Flender Macniel Gears Ltd., Calcutta
80.	Ravindran S.	Sr. Manager — Finance	3,01,041	1,91,592	B.Com., PGDM (IIMC)	1.6.86	34	Nil
81.	Ray Jayanta Basu	Vice-President — RMC Business	3,29,664	2,24,857	B.E. Civil	24.6.96	56	TISCO Cement Div.
82.	Reddy K. M. R.	Sr. Vice-President — Operations	7,13,786	3,98,750	Diploma in Mining 1st Class MMC (Coal & Met.)	2.5.63	57	Nil
83.	Sachdeva S. C.	Sr. Vice-President — Projects	6,92,663	4,37,363	B. Tech. Mech., AIMA	1.8.69	50	Delhi Electric
84.	Sarkar K. K.	Vice-President — SFO Falta Plant	3,69,832	3,05,057	M.E. (Chem.) MBA	7.3.97	46	ICI India Ltd.
85.	Sarwade P. N.	Vice-President — Mgt. Audit	3,36,577	2,31,019	B.E. M. Tech.	22.8.77	46	Bokaro Steel
86.	Sastry K.G.P.	Sr. Manager — Mancheril Works	3,42,302	2,24,855	B.Sc.	22.10.63	54	Nil
87.	Seth R.	Vice-President — Marketing	4,20,842	2,45,228	B.Sc. Hons., PGDM (IIMA)	7.6.78	42	Nil
88.	Sett D. K.	Sr. Vice-President — Materials Management Divn.	5,32,973	3,27,496	B. Tech. Mech., MBA	8.8.70	49	Union Carbide
89.	Shanker Siddhartha	Vice-President — Marketing	4,42,399	2,66,137	B.Sc. Engg. MBA	1.6.82	40	Nil
90.	Sharma N. M.	Vice-President — Projects	4,44,046	2,94,081	B.Sc. Engg.	10.2.64	57	Nil
91.	Shenoy A. R.	President — Engineering Business	10,77,463	6,30,735	B.Sc., B.Sc. Engg.	26.8.76	58	Assistant Purchase — Superintendent, Shriram Chem. Ltd., Kota
92. *	Shenoy K. G.	Director — Projects	6,96,533	3,35,814	B. Tech., M.Sc., Chem. Engg., Canada	8.8.70	55	Nil
93.	Sheoran P.	Bridgestone ACC India Ltd.	4,40,298	2,98,953	B. Tech. Elec.	7.8.72	47	Nil
94.	Shrikhande B. K.	Vice-President — PED	5,15,378	3,57,164	B. Tech.	1.7.80	39	Nil
95.	Shrinagesh M.	Vice-President — Marketing	4,02,059	2,44,005	B.A. (Hons.)	6.6.72	51	Asst. Mgr. Liaison — Kirloskar Oil Engine Ltd.
96.	Sikarwar H. S.	Vice-President — Kymore Works	3,51,839	2,31,013	B.Sc. Engg. — Mech.	3.4.72	50	Modi Cement
97. @	Singh A. P.	Director — Sales & Marketing	6,79,495	4,04,532	B.A. (Hons.) Dip. Marketing	10.7.72	47	Toshiba Anand Batteries
98. †	Singh Harendra	Sr. Manager — Commercial	4,42,969	4,13,516	B.Sc. (M)	24.12.64	58	Nil
99. *	Sinha K. M. L.	Vice-President — Mining & DSL Equip. Maint.	1,60,525	87,469	M.Sc., AISM, MMGI	5.9.60	60	IBM



Sr. No.	Name	Designation & Nature of duties	Remuneration Received		Qualifications	Date of Commencement of Employment	Age in years	Last Employment
			Gross Rs.	Net Rs.				
100.	Sinor P. K.	Whole-time Director & Company Secretary	14,15,971	9,36,937	B.Com., FCS	1.7.75	58	Company Secretary, ACC-Vickers Babcock Ltd.
101.	Subramaniam S. H.	Sr. Manager — C.S.C.	3,85,235	2,65,777	B.Sc. (Chem.), AIMA Dip. in Mgt.	2.11.62	56	Nil
102.	Suri R. K.	Sr. Vice-President — Gagal Works	5,71,991	3,72,195	B. Tech. Chemical	8.8.70	50	Nil
103.	Tiwari T. N.	President — Technical	9,87,894	6,27,904	B.Sc. B.Tech.	7.8.72	49	Nil
104.	Vasudevan R.	Vice-President — Process Engineering	4,73,638	3,27,906	B. Tech., PGDIE	7.12.77	45	Consultant — Planning Commission, Govt. of India, New Delhi
105.	Venkatachalam A.	Secretary	3,19,682	2,24,805	B.A. Mktg. Mgt.	20.7.59	58	Nil
106.	Venugopal H.	Vice-President — Materials Management Divn.	4,71,736	3,32,164	B.E. Mech., D.M.S.	3.3.92	48	Engineering India Ltd.
107.	Verma Kuldeep	Vice-President — Marketing	4,36,216	2,48,555	B.Com., MBA	15.12.80	41	Nil

- Notes:
- (i) Gross Remuneration shown above is subject to tax and comprises salary, allowances, commission, incentives, monetary value of perquisites and Company's contribution to provident fund and officer's superannuation fund. Commission to Directors and incentives to senior executives are considered on the basis of actual payment.
  - (ii) In addition to the above remuneration, employees are entitled to gratuity, medical benefits, etc. in accordance with the Company's Rules.
  - (iii) All the employees have adequate experience to discharge the responsibility assigned to them.
  - (iv) 'Net Remuneration' is after tax and is exclusive of Company's contribution to Provident fund and officers' superannuation fund and monetary value of non-cash perquisites.
  - (v) The nature of employment in all cases is contractual.
  - (vi) \* Indicates that the employees were in service only for a part of the year.
  - (vii) † Indicates that the employees were temporarily at Yanbu Project (Saudi Arabia) during the year.
  - (viii) @ Indicates that the employees were on deputation to associate companies.

For and on behalf of the Board,

Mumbai, June 24, 1998.



PALLONJI S. MISTRY  
Chairman

**ACCOUNTS  
OF THE  
SUBSIDIARY  
COMPANIES**

Report  Junction.com







## DIRECTORS' REPORT

1. The Directors have pleasure in presenting the Twenty-fourth Annual Report and the Audited Statement of Accounts of the Company for the year ended March 31, 1998.

### 2. FINANCIAL RESULTS

	1997-98	1996-97
	<b>Rs. Lac</b>	<b>Rs. Lac</b>
Gross Profit .....	195.61	145.78
Less : Depreciation on Fixed Assets .....	183.25	69.18
Profit before Taxes .....	12.36	76.60
Provision for Taxes .....	1.30	10.00
Profit after Taxation .....	11.06	66.60
Balance brought forward from previous year .....	68.53	34.93
Amount available for appropriation .....	79.59	101.53
<b>APPROPRIATIONS</b>		
Proposed Dividend .....	Nil	30.00
Tax on Distributed Profit .....	Nil	3.00
Balance Carried Forward to Balance Sheet .....	79.59	68.53

### 3. SALES AND REVENUE:

The Income of the Company increased from Rs. 2150.94 Lakhs in 1996-97 to Rs. 2696.57 Lakhs in 1997-98.

The new manufacturing facilities at Butibori were fully commissioned. The Company commenced commercial production of 3-Lobe Blowers and sophisticated Tyre Curing Presses to the design of M/s. Unozawa-gumi Iron Works Ltd., Japan and M/s. Kobe Steel Limited, Japan respectively.

The 45" Tyre Curing Presses complete with Vertical Chuck Loader, Post cure Inflator and other modern features have already been commissioned to the satisfaction of the customer.

The 3-Lobe Blowers have also been commissioned at the Works of customers to their satisfaction and the users have appreciated their unique advantages with respect to 2-Lobe Blowers available hitherto.

During the year under review, the Company manufactured Twin Mills of 26" x 84" Cracker and 22" x 60" Warming Mills of uni-drive design. These Mills have been commissioned to the satisfaction of the customer. The Twin Mills of such large size have been manufactured for the first time in India.

The Company had also manufactured and supplied for the first time in India, various tyre finishing, repairing and handling systems for M/s. Bridgestone ACC India Ltd.

The first AVMP-230 has been commissioned successfully for pre-grinding of clinker at Chanda Cement Works of The Associated Cement Companies Limited (ACC).

The Project Engineering job at ACC's Sindri Cement Works for slag grinding and blending has been successfully commissioned. The Company had taken up this kind of assignment for the first time.

While there has been an increase in turnover during the year, this has been substantially achieved through completion of orders received during previous years. The Indian economy has been facing recessionary conditions during the financial year which has had adverse impact on many industries including capital goods, automobiles, tyres, cement etc. Consequently, the Company's order book has been severely affected during the year. Fresh projections made by user industries indicate that the prevailing conditions is unlikely to improve in the immediate future particularly for the Company's traditional products.

### 4. DIVIDEND:

In view of the prevailing business scenario and large cash outflows required to be met in the near future, the Directors do not recommend a dividend for the year ended March 31, 1998 to conserve the available resources.

### 5. CLOSURE OF BHUPENDRA, MADUKKARAI AND KALWA UNITS:

Owing to serious downturn in business and consequent lack of orders bleak business prospects and financial non-viability of operations at Bhupendra, Madukkarai and Kalwa Works, it has been decided to close the said units.

The workmen at Kalwa have filed a case in the Industrial Court at Thane and the matter is sub judice.

### 6. INDUSTRIAL RELATIONS:

Industrial Relations at the Company's units have been by and large cordial.

### 7. DIRECTORS:

D. S. Ganguly resigned as a Director of the Company with effect from January 1, 1998. The Board has placed on record its very warm appreciation of the singular and immense contribution and most valuable services rendered by Dr. Ganguly during his long association with the Company since September 1, 1989.

Mr. Manfred Herbaert who was appointed on the Board of Directors of the Company with effect from December 20, 1988 ceased to be a Director of the Company with effect from August 21, 1997.

Mr. M. M. Rejoria who was appointed on the Board of Director of the Company with effect from December 20, 1991 resigned as a Director of the Company with effect from August 8, 1997.

Mr. A. K. Pathak who was appointed on the Board of Directors of the Company with effect from May 30, 1995 resigned as a Director of the Company with effect from December 18, 1997.

The Board has placed on record its warm appreciation of the valuable services rendered by Mr. Herbert, Mr. Rejoria and Mr. Pathak during their respective tenures of office.

Dr. A. K. Chatterjee has been appointed on the Board of Directors of the Company with effect from August 22, 1997 in the casual vacancy caused by the resignation of Mr. Rejoria.

Mr. A. R. Shenoy has been inducted on the Board as an additional Director of the Company with effect from August 22, 1997. Mr. Shenoy will hold office upto the date of the forthcoming Annual General Meeting. The resolution pertaining to his appointment has been set out at item 3 of the Notice.

Mr. N. H. Italia has been appointed on the Board of Directors of the Company with effect from December 18, 1997 in the vacancy caused by the resignation of Mr. Pathak.

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Dr. A. K. Chatterjee retires by rotation and is eligible for reappointment.

### 8. AUDITORS:

The Shareholders are requested to appoint Auditors for the Financial Year 1998-99 and to fix their remuneration.

### 9. PARTICULARS OF EMPLOYEES:

The particulars of employees falling within the purview of the limits prescribed by the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are enclosed.

### 10. PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

As required under Section 217(e) of the Companies Act, 1956, read with (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988, the particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo are set out in the Annexure forming part of this Report.

### 11. ACKNOWLEDGEMENT:

The Directors take this opportunity to express their appreciation for the co-operation received from the Central Government as well as the Governments in the States, the Company's Bankers, valuable customers and others connected with the Company. Your Directors also thank all the employees of the Company for their valuable services and support during the year.

For and on behalf of the Board of Directors,

T. M. M. Nambiar  
Chairman

Mumbai, May 27, 1998.  
Registered Office :  
"CEMENT HOUSE"  
121, Maharshi Karve Road,  
Mumbai 400 020.

## AUDITORS' REPORT

### To the Members of

### ACC MACHINERY COMPANY LIMITED

Report on the Accounts for the year ended  
March 31, 1998 in compliance with  
Section 227 (2) of the Companies Act, 1956.

We have examined the attached Balance Sheet and Profit and Loss Account annexed thereto which are in agreement with the Company's books of account.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 in our opinion, and on the basis of such checks of the books and records as we considered appropriate and according to the information and explanations given to us during the normal course of audit, which were necessary to the best of our knowledge and belief, we report that :—

- The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. These assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
- None of the fixed assets have been revalued during the year.
- The stocks of finished goods, stores, spare parts and raw materials have been physically verified during the year by the management. The frequency of verification is reasonable.
- The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
- On the basis of our examination of stock records, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles, and is on the same basis as in the preceding year.
- The rate of interest and other terms and conditions of the loans, secured or unsecured taken from a Company listed in the Register maintained under Section 301 of the Companies Act, 1956 are *prima facie*, not prejudicial to the interest of the Company. The Company has not taken any loans from the Companies under the same management as defined under sub-section (1-B) of section 370 of the Companies Act, 1956.
- The Company has not granted any loans, secured or unsecured to Companies, firms or other parties listed in Register maintained under Section 301 of the Companies Act, 1956 and/or to the Companies under the same management as defined under sub-section (1B) of section 370 of the Companies Act, 1956.
- In respect of loans and advances in the nature of loans given by the Company, parties have repaid the principal amounts as stipulated and have also been regular in the payment of interest where applicable.
- There are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipment and other assets and with regard to the sale of goods.
- In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 and aggregating during the year to Rs. 50,000 or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods, materials or services have been made with other parties.
- The Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provisions have been made in the accounts for the loss arising on the items so determined.
- The Company has not accepted any deposits from the public.
- The Company has maintained reasonable records for the sale and disposal of scrap. The Company does not have any by-product.
- The Company has an internal audit system commensurate with the size and nature of its business.
- The Central Government has not prescribed the maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956.
- The Company is regular in depositing Provident Fund and Employees' State Insurance dues with appropriate authorities.
- No undisputed amounts payable in respect of Income Tax, Sales Tax, Customs Duty and Excise Duty were outstanding as at March 31, 1998 for a period of more than six months from the date they became payable.
- No personal expenses have been charged to Profit and Loss Account.
- The Company is not a sick industrial company within the meaning of Clause (a) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

Further to the above :

- We have obtained all the information and the explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view.

- in the case of the Balance Sheet, of the state of affairs as at March 31, 1998 and
- in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date.

For K. S. AIYAR & CO.  
Chartered Accountants  
RAGHUVIR M. AIYAR  
Partner

Mumbai, May 27, 1998.

**BALANCE SHEET AS AT MARCH 31, 1998**

(FIGURES IN RUPEES LAC)				Previous Year
Schedules				
<b>I. SOURCES OF FUNDS :</b>				
1. SHAREHOLDERS' FUNDS				
(a) Capital .....	A	<b>300.00</b>		300.00
(b) Reserves and Surplus .....	B	<b>356.63</b>		345.57
		<b>656.63</b>		645.57
2. LOAN FUNDS				
(a) Secured Loans .....	C	<b>387.64</b>		356.01
(b) Unsecured Loans .....	D	<b>565.25</b>		419.52
		<b>952.89</b>		775.53
<b>TOTAL FUNDS .....</b>		<b>1609.52</b>		1421.10
<b>II. APPLICATION OF FUNDS :</b>				
1. FIXED ASSETS				
(a) Gross Block .....	E	<b>1904.46</b>		938.12
(b) Less : Depreciation .....		<b>614.84</b>		432.60
(c) Net Block .....		<b>1289.62</b>		505.52
(d) Capital W.I.P. ....		<b>19.58</b>		765.55
2. CURRENT ASSETS, LOANS AND ADVANCES				
(a) Inventories .....	F	<b>367.11</b>		536.50
(b) Sundry Debtors .....	G	<b>317.86</b>		286.94
(c) Cash and Bank Balances ..	H	<b>1.12</b>		1.54
(d) Loans and Advances .....	I	<b>181.96</b>		198.25
		<b>868.05</b>		1023.23
3. Less : CURRENT LIABILITIES AND PROVISIONS				
(a) Current Liabilities .....	J	<b>746.74</b>		941.50
(b) Provisions .....	K	<b>—</b>		33.00
		<b>746.74</b>		974.50
<b>NET CURRENT ASSETS .....</b>		<b>121.31</b>		48.73
4. MISCELLANEOUS EXPENDITURE (To the extent not Written off or adjusted)				
	L	<b>179.01</b>		101.30
<b>TOTAL ASSETS (NET) .....</b>		<b>1609.52</b>		1421.10
<b>NOTES ON ACCOUNTS .....</b>	M			

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 1998**

(FIGURES IN RUPEES LAC)				Previous Year
Schedules				
<b>1. INCOME :</b>				
(a) Sales and Services .....		<b>2590.41</b>		2076.88
(b) Miscellaneous Income .....	1	<b>106.16</b>		74.06
		<b>2696.57</b>		2150.94
<b>2. EXPENDITURE :</b>				
(a) Raw Materials, Bought-outs, Stores and Spares .....	2	<b>1559.69</b>		1251.54
(b) (Increase)/Decrease in Work-in-Progress .....	3	<b>57.65</b>		83.30
(c) Lease Rent & Licence Fees ....		<b>31.36</b>		40.44
(d) Employees' Remuneration and Benefits .....	4	<b>284.86</b>		232.64
(e) Expenses of Manufacture, Administration and Selling ....	5	<b>455.89</b>		355.48
(f) Interest and Bank Charges ....	6	<b>111.51</b>		41.76
(g) Depreciation .....		<b>183.25</b>		69.18
		<b>2684.21</b>		2074.34
<b>3. PROFIT BEFORE TAXATION .....</b>		<b>12.36</b>		76.60
<b>4. PROVISION FOR TAXATION .....</b>		<b>1.30</b>		10.00
<b>5. PROFIT AFTER TAXATION .....</b>		<b>11.06</b>		66.60
<b>6. BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR .....</b>		<b>68.53</b>		34.93
<b>7. AMOUNT AVAILABLE FOR APPROPRIATION .....</b>		<b>79.59</b>		101.53
<b>8. PROPOSED DIVIDEND @ Rs. NIL PER SHARE .....</b>		<b>—</b>		30.00
<b>9. TAX ON DISTRIBUTED PROFITS ..</b>		<b>—</b>		3.00
<b>10. AMOUNT TRANSFERRED TO GENERAL RESERVE .....</b>		<b>—</b>		—
<b>11. BALANCE CARRIED TO BALANCE SHEET .....</b>		<b>79.59</b>		68.53

As per our Report attached

For K. S. AIYAR & CO.  
Chartered Accountants.

RAGHUVIR M. AIYAR  
Partner.

For and on behalf of the Board,

T. M. M. Nambiar Chairman

A. R. Shenoy }  
N. H. Italia } Directors

J. N. Dhondy  
Company Secretary

Mumbai, May 27, 1998.

As per our Report attached

For K. S. AIYAR & CO.  
Chartered Accountants.

RAGHUVIR M. AIYAR  
Partner.

For and on behalf of the Board,

T. M. M. Nambiar Chairman

A. R. Shenoy }  
N. H. Italia } Directors

J. N. Dhondy  
Company Secretary

Mumbai, May 27, 1998.

Mumbai, May 27, 1998.



## SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE A — SHARE CAPITAL		
(FIGURES IN RUPEES LAC)		
		Previous Year
AUTHORISED —		
3,00,000 Equity Shares of Rs. 100 each .....	300.00	300.00
ISSUED, SUBSCRIBED AND PAID UP —		
3,00,000 Equity Shares of Rs. 100 each .....	300.00	300.00
(All the shares are held by The Associated Cement Cos. Ltd., the Holding Company and its Nominees)		

SCHEDULE B — RESERVES AND SURPLUS		
(FIGURES IN RUPEES LAC)		
		Previous Year
1. General Reserve :		
Balance as per last Balance Sheet .....	277.04	277.04
2. Profit and Loss Account .....	79.59	68.53
TOTAL	356.63	345.57

SCHEDULE D — UNSECURED LOANS		
(FIGURES IN RUPEES LAC)		
		Previous Year
1. Housing Development Finance Corporation Limited .....	29.51	19.06
2. Fuji Bank Limited — Japan (Guaranteed by Letter of Comfort from The Associated Cement Cos. Ltd.) (The Holding Company) .....	535.74	250.46
3. The Associated Cement Cos. Ltd. (The Holding Company) .....	—	150.00
TOTAL	565.25	419.52

SCHEDULE C — SECURED LOANS (Contd.)		
(FIGURES IN RUPEES LAC)		
		Previous Year
1. Loan from IDBI under the Equipment Finance Scheme, with an exclusive first charge by way of hypothecation in favour of lenders, of the machinery together with machinery spares, accessories present and future, acquired/to be acquired by the company out of the loan and to be installed at its Units and a first charge by way of hypothecation of all the company's movables pertaining to its Kalwa Unit (save and except book debts) present and future subject to prior charges created and/or to be created in favour of the company's bankers — Guaranteed by The Associated Cement Companies Ltd., the Holding Company .....	215.30	246.00
2. Loan from The Fuji Bank Ltd. with a <i>pari-passu</i> charge by way of hypothecation in favour of the lenders, of the machinery together with machinery spares, accessories present and future, acquired/to be acquired by the company out of the loan and to be installed at its Units and a <i>pari-passu</i> charge by way of hypothecation of all the company's movables pertaining to its Kalwa unit (save and except book debts) present and future subject to prior charges created and/or to be created in favour of the company's bankers — Guaranteed by The Associated Cement Companies Limited, the Holding company. ....	150.00	—
3. Cash Credit — Punjab National Bank (Secured by Hypothecation of Stocks of Raw materials, Components, Stores and Spares, Stock in Progress and Finished Goods) — Guaranteed by The Associated Cement Companies Ltd., the Holding Company .....	22.34	110.01
TOTAL	387.64	356.01

SCHEDULE E — FIXED ASSETS										
(FIGURES IN RUPEES LAC)										
ASSETS	GROSS BLOCK AT COST			DEPRECIATION/AMORTISATION				NET BLOCK		
A OWN ASSETS	As at 31-3-97	Additions	Disposals	As at 31-3-98	Upto 31-3-97	For the Year	On Disposals	Total as at 31-3-98	As at 31-3-98	As at 31-3-97
1. Plant & Machinery	487.73	407.27	—	895.00	292.21	86.25	—	378.46	516.54	195.52
2. Licence Rights	12.52	354.23	—	366.75	0.64	37.93	—	38.57	328.18	11.88
3. Furniture & Fixtures	28.91	2.29	—	31.20	8.26	3.88	—	12.14	19.06	20.65
4. Office Equipments	36.14	11.25	—	47.39	23.00	4.68	—	27.68	19.71	13.14
5. Motor Vehicles**	25.79	—	1.08	24.71	13.15	3.26	1.01	15.40	9.31	12.64
6. Buildings*	183.20	192.38	—	375.58	15.32	26.39	—	41.71	333.87	167.88
SUB TOTAL	774.29	967.42	1.08	1740.63	352.58	162.39	1.01	513.96	1226.67	421.71
B LEASED ASSETS	As at 31-3-97	Additions	Disposals	As at 31-3-98	Upto 31-3-97	For the Year	On Disposals	Total as at 31-3-98	As at 31-3-98	As at 31-3-97
1. Plant & Machinery	163.83	—	—	163.83	80.02	20.86	—	100.88	62.95	83.81
SUB TOTAL	163.83	—	—	163.83	80.02	20.86	—	100.88	62.95	83.81
TOTAL — CURRENT	938.12	967.42	1.08	1904.46	432.60	183.25	1.01	614.84	1289.62	505.52
TOTAL — PREVIOUS	605.09	333.04	0.01	938.12	363.42	69.18	—	432.60	505.52	—

\* Built on Lease hold land, which is pending transfer from The Associated Cement Cos. Ltd. (The Holding Company).

\*\* Includes 3 Vehicles pending registration in the Company's name.

SCHEDULE F — INVENTORIES — At Cost		
(As certified by the Management)		
(FIGURES IN RUPEES LAC)		
		Previous Year
1. Work-in-Progress (at cost/erection W-I-P at contract rate) .....	182.75	240.40
2. Raw Materials (at cost) .....	177.55	243.99
3. General Stores in hand & Loose Tools (at cost) .....	4.69	5.14
4. Materials in Transit .....	2.12	46.97
TOTAL	367.11	536.50

SCHEDULE G — SUNDRY DEBTORS		
(FIGURES IN RUPEES LAC)		
		Previous Year
UNSECURED, CONSIDERED GOOD —		
1. More than six months .....	65.08	64.97
2. Others (Includes amounts due from The ACC Ltd. Rs. 47.58 lakh (previous year — Rs. 126.12 lakh) .....	252.78	221.97
TOTAL	317.86	286.94



## SCHEDULES FORMING PART OF THE BALANCE SHEET

## SCHEDULE H — CASH AND BANK BALANCES

(FIGURES IN RUPEES LAC)

		Previous Year
1. Cash .....	0.57	0.77
2. Balance with Scheduled Banks — In Current Accounts .....	0.17	0.21
3. Balance with Unscheduled Bank — In Current Account with Fuji Bank Ltd., Mumbai. ....	0.38	0.56
<b>TOTAL</b>	<b>1.12</b>	<b>1.54</b>

## SCHEDULE I — LOANS AND ADVANCES

(FIGURES IN RUPEES LAC)

(Unsecured Considered Good —  
Unless otherwise stated)

		Previous Year
1. Advances Recoverable in Cash or in kind or for value to be received .....	66.16	133.72
2. Deposits .....	7.38	3.29
3. Balance with Excise Authorities .....	61.04	25.19
4. Advance Income Tax .....	39.27	36.05
(Net of Provision Rs. 193.52 lac — Previous year Rs. 192.22 lac)		
5. The Associated Cement Cos. Ltd. (The Holding Company) .....	8.11	—
<b>TOTAL</b>	<b>181.96</b>	<b>198.25</b>

## SCHEDULE J — CURRENT LIABILITIES

(FIGURES IN RUPEES LAC)

		Previous Year
1. Sundry Creditors for goods supplied .....	138.11	111.20
2. Advance received against Orders ....	175.09	334.78
3. Other Liabilities .....	333.54	192.25
4. The Associated Cement Cos. Ltd. .... (The Holding Company) .....	100.00	303.27
<b>TOTAL</b>	<b>746.74</b>	<b>941.50</b>

## SCHEDULE K — PROVISIONS

(FIGURES IN RUPEES LAC)

		Previous Year
1. Proposed Dividend .....	—	30.00
2. Provision for Tax on Distributed Profits .....	—	3.00
<b>TOTAL</b>	<b>—</b>	<b>33.00</b>

SCHEDULE L — MISCELLANEOUS EXPENDITURE  
(To the extent not written off or adjusted)

(FIGURES IN RUPEES LAC)

		Previous Year
Deferred Revenue Expenditure :		
1. Fees for Product related Technical Know-how and Technical Assistance .....	117.08	107.47
2. Employees Severance Compensation Cost (discontinued units) .....	86.96	—
	204.04	107.47
Less : Amortised	25.03	6.17
<b>TOTAL</b>	<b>179.01</b>	<b>101.30</b>

SCHEDULES FORMING PART OF THE PROFIT  
AND LOSS ACCOUNT

## SCHEDULE 1 — MISCELLANEOUS INCOME

(FIGURES IN RUPEES LAC)

		Previous Year
(a) Rentals on Leased Assets .....	46.07	34.50
(b) Packing and Forwarding .....	23.46	18.22
(c) Other Income .....	22.49	18.54
(d) Interest: — Others .....	4.96	1.03
(e) Excess Provision Written Back .....	3.67	1.47
(f) Profit on Sale of Assets .....	0.36	—
(g) Credit balances written back .....	2.15	0.30
(h) Bad Debt recovery .....	3.00	—
<b>TOTAL</b>	<b>106.16</b>	<b>74.06</b>

SCHEDULE 2 — RAW MATERIALS,  
BOUGHT-OUTS, STORES AND SPARES, ETC.

(FIGURES IN RUPEES LAC)

		Previous Year
(a) Raw Materials & Bought-outs consumed .....	1528.98	1231.42
(b) Stores, Spares and Loose Tools consumed .....	30.71	20.12
<b>TOTAL</b>	<b>1559.69</b>	<b>1251.54</b>

## SCHEDULE 3 — (INCREASE)/DECREASE IN WORK IN PROGRESS

(FIGURES IN RUPEES LAC)

		Previous Year
Work-in-Progress as at 01.04.97 .....	240.40	323.69
Less: Work-in-Progress as at 31.03.98 ....	182.75	240.39
<b>TOTAL</b>	<b>57.65</b>	<b>83.30</b>

SCHEDULE 4 — EMPLOYEES'  
REMUNERATION AND BENEFITS

(FIGURES IN RUPEES LAC)

		Previous Year
(a) Salaries, Wages, Bonus, Gratuity and Allowances .....	204.21	193.35
(b) Contribution to Provident and other Funds .....	24.80	31.99
(c) Welfare Expenses .....	9.55	7.30
(d) Severance Cost for discontinued units:		
i) Gratuity & Leave encashment ....	35.13	—
ii) Compensation costs amortised ..	1.45	—
iii) Provision for salaries for Notice period .....	9.72	—
	46.30	—
<b>TOTAL</b>	<b>284.86</b>	<b>232.64</b>




**SCHEDULE 5 — EXPENSES OF  
MANUFACTURE, ADMINISTRATION AND SELLING**

(FIGURES IN RUPEES LAC)

		Previous Year
(a) Excise Duties .....	185.13	172.89
(b) Power .....	16.22	9.62
(c) Repairs —		
(i) Machinery .....	9.00	11.03
(ii) Others .....	0.88	0.32
	9.88	11.35
(d) Rent, Rates and Taxes .....	8.80	4.98
(e) Insurance .....	2.59	6.99
(f) Legal and Professional Charges .....	21.42	6.88
(g) Auditors' Remuneration : —		
(i) Audit Fees .....	0.90	0.95
(ii) For Other Services .....	0.30	0.05
(iii) Reimbursement of expenses .....	0.38	0.18
(iv) For tax audit .....	0.13	0.13
	1.71	1.31
(h) Travelling and Conveyance .....	26.24	25.20
(i) Engineering Fees & Service charges .....	77.98	0.35
(j) Contractual Deductions .....	13.87	53.56
(k) Deferred Revenue Expenditure Amortised — Technical know how fees .....	23.58	6.17
(l) Other expenses (comprising Royalty, Postage, Printing and Stationery, Entertainment expenses, etc.) .....	68.47	56.18
<b>TOTAL</b>	<b>455.89</b>	<b>355.48</b>

**SCHEDULE 6 — INTEREST AND BANK CHARGES**

(FIGURES IN RUPEES LAC)

		Previous Year
(a) Bank Charges .....	4.54	6.63
(b) Interest :		
(i) Bank — Cash Credit .....	6.55	28.91
(ii) Long Term Loans .....	52.46	3.18
(iii) Others .....	0.03	0.15
(iv) HDFC .....	3.83	2.89
(v) Int. on ICD .....	6.16	—
(vi) Int. on ECB .....	37.94	—
	106.97	35.13
<b>TOTAL</b>	<b>111.51</b>	<b>41.76</b>

**SCHEDULE M — NOTES ON ACCOUNTS**
**1.0 SIGNIFICANT ACCOUNTING POLICIES**
**1.1 Sale of Products and Services**

- (i) Sales are accounted on despatch of products and include cost of self-consumption of goods produced.
- (ii) Income from consultancy and other services rendered is accounted for as per terms of contract.
- (iii) Income from Erection contracts is accounted on the basis of stage completion of the Contracts.

**1.2 Excise Duty**

Excise duties recovered are included in the sale of products. Excise duty paid on despatches is separately shown as expenses of manufacture.

**1.3 Accounting of Claims**

- (i) Claims receivable are accounted at the time of lodgement depending on the certainty of receipt and claims payable are accounted at the time of acceptance.
- (ii) Claims raised by Government authorities regarding taxes and duties, which are disputed by the Company, are accounted based on legality of each claim. Adjustments, if any are made in the year in which disputes are finally settled.

**1.4 Retirement Benefits**

- (i) Company's contributions paid/payable during the year to Provident Fund, Officers' Superannuation Fund and Gratuity Fund are charged to Profit and Loss Account.
- (ii) Leave Encashment on retirement is provided on the basis of actuarial valuation.

**1.5 Fixed Assets, Depreciation & Amortisation**

- (i) All Fixed Assets are stated at cost of acquisition or construction.
- (ii) Proportionate fees paid in respect of Technical Know how pertaining to Plans and Designs of Plant & Machinery are capitalised as a part of Plant & Machinery and depreciated accordingly.

(iii) Depreciation is provided on the written down value methods at the rates prescribed in Schedule XIV of the Companies Act, 1956.

(iv) Licence Rights and Trade Marks are amortised over a period of five years.

**1.6 Investments**

Short Term Investments are stated at cost or market value, whichever is lower and income thereon accounted on accrual basis.

**1.7 Inventories**

(i) Raw Materials, Stores and Spares and Work-in-progress are valued at cost. Costs are determined on the basis of, weighted average of Raw Material Cost, Direct Labour and Factory Overheads.

(ii) Work-in-progress in respect of Erection Contracts is valued at contract rates.

**1.8 Foreign Currency Transactions**

Foreign currency Assets and Liabilities are stated at rates ruling at the year end. Exchange differences relating to Fixed Assets are adjusted in the cost of the Assets. Any other exchange differences are dealt with in the Profit and Loss account.

**1.9 Deferred Revenue Expenditure**

Fees paid towards product related Technical Know how and Technical Assistance are deferred and amortised over a period of five years. In case where commercial production is yet to begin amortisation will commence as on that date.

Severance compensation cost to Employees arising out of the discontinuance of Kalwe unit are deferred and amortised over a period of 60 months.

2. The Company has been sanctioned a facility of Foreign Letters of Credit cum Guarantee of **Rs. 500 Lacs** (Previous Year Rs. 500 Lacs) by Punjab National Bank, which is fully secured by counter guarantee of **The Associated Cement Companies Limited**.

**3. Contingent Liabilities**

**1997-98**      **1996-97**  
**Rs. Lac**      **Rs. Lac**

a) In respect of Gurantees executed by bank on behalf of Company .....

**36.53**      **60.66**

b) In respect of Demand raised by Central Excise authorities against the Company. The Company has filed appeal against the demand with appellate authorities .....

**26.38**      **Nil**

4. Estimated amount of Contracts remaining to be executed on Capital account and not provided for **Rs. Nil** (Previous Year Rs. 748.20 lac).

5. The Company has set up a modern centralised manufacturing facility at Butibori, Nagpur. The Company commenced commercial production of Bulk Transport during the previous year, using Technical Know how under the Trade Mark of "ACC—SHINMAYWA" in terms of the Licence Agreement with Shinmaywa Industries Ltd., Japan.

With effect from 1st October, 1997 the Company has commenced at the Butibori Unit commercial production of:

a) Tyre curing Presses using technical Know how of M/s. Kobe Steel Ltd., Japan in terms of the Licence Agreement with the said company.

b) Three Lobe Blowers using technical knowhow under the Trade Mark of Unozawa in terms of the Licence Agreement with M/s. Unozawa Gumi Iron Works Ltd., Japan.

Consumer to the setting up of this Facility the Company has discounted the operations at its Madukkarai unit w.e.f. 1st November, 1997 and is in the process of transferring the Fixed Assets (except Buildings) and Inventories to the Butibori unit at Nagpur.

The building at Madukkarai unit which stands on leasehold land of The Associated Companies Limited are proposed to be transferred at the written down value to The Associated Cement Companies Limited as on March 31, 1998. The Staff and Workman of the discontinued Madukkarai unit were on deputation and have reverted to The Associated Cement Companies Ltd. and therefore no liability arises on this account. Other costs on discontinuation of the Madukkarai unit have been estimated where required and provided for.

The Company has discontinued operations at its Kalwe unit with effect from 25th March, 1998. The Plant and Machinery and the movable asset of the discontinued Kalwe unit are to be transferred to the Butibori unit at Nagpur. The Building and leasehold land are owned by the Associated Cement Cos. Ltd. The staff and workmen of the discontinued Kalwe unit are eligible for severance compensation which had been estimated by the Management and provided for, pending settlement. Other costs on discontinuance have been estimated where required and provided for.

6. Liability on account of Leave Encashment on retirement on an actuarial basis is **Rs. Nil** — Previous Year Rs. 0.76 Lac.

7. The Company is in the process of compiling Data to determine the liability, if any, for interest on delayed payments under Small Scale & Ancillary Undertakings Act, 1993. In any case, no claims have been preferred against the Company.

8. The Company has made tax provision (Minimum Alternate Tax) for the year under sec. 115JA of the Income Tax Act, 1961. The benefit of credit of this tax payment is available, in accordance with provision of section 115JAA, over the subsequent five assessment years, and the same will be accounted for when actually availed.



9.	Pre-operative expenses in respect of Nagpur Projects during the year are as follows :			
		<b>1997-98</b>	<b>1996-97</b>	
		<b>Rs. Lac</b>	<b>Rs. Lac</b>	
	As at the opening of the year	<b>110.49</b>	53.61	
	Add: For the year —			
	1. Employees' Remuneration & Benefits	—	3.04	
	2. Legal & Professional charges	<b>2.56</b>	0.07	
	3. Audit Fees	—	—	
	4. Travelling & Conveyance	—	7.86	
	5. Interest & Bank charges	<b>2.08</b>	59.21	
	6. Other Expenses	—	20.80	
		<b>115.13</b>	144.59	
	Less: Transferred on Commencement of Commercial production	<b>115.13</b>	34.10	
	As at the close of the year	—	110.49	
10.	Previous year's figures have been regrouped wherever necessary.			
11.	Additional information pursuant to the provisions of paragraphs 3 and 4 of the part II of schedule VI to the Companies Act, 1956 :—			
I.	TURNOVER —		1996-97	
	<b>Quantity</b>	<b>Value</b>	<b>Quantity</b>	<b>Value</b>
	<b>Nos.</b>	<b>Rs. Lac</b>	<b>Nos.</b>	<b>Rs. Lac</b>
1.	Tyre Machines .....	<b>11 599.04</b>	38	470.37
2.	Bulk Transport .....	<b>79 1045.12</b>	40	555.02
3.	Blowers .....	<b>15 61.17</b>	—	—
4.	Erection, Other Fabrication, Bought-outs Spares etc. ....	— <b>885.08</b>	—	677.59
5.	Turnkey Contracts .....	— —	—	373.90
	<b>TOTAL</b>	<b>2590.41</b>		<b>2076.88</b>

II. RAW MATERIALS CONSUMED —				
	<b>1997-98</b>	<b>1996-97</b>		
	<b>Quantity</b>	<b>Value</b>	<b>Quantity</b>	<b>Value</b>
	<b>Tonnes</b>	<b>Rs. Lac</b>	<b>Tonnes</b>	<b>Rs. Lac</b>
1. Steel Sheets .....	<b>365.75</b>	<b>71.32</b>	733.69	126.43
2. Others .....	—	<b>1457.66</b>	—	1104.99
<b>TOTAL</b>		<b>1528.98</b>		<b>1231.42</b>

III. LICENCED CAPACITY AND INSTALLED CAPACITY — *				
	(**) Licenced Capacity		Installed Capacity	
	<b>1997-98</b>	<b>1996-97</b>	<b>1997-98</b>	<b>1996-97</b>
	<b>Nos.</b>	<b>Nos.</b>	<b>Nos.</b>	<b>Nos.</b>
Collapsible Drums .....	—	—	—	—
Tyre Building Machines .....	—	—	231	175
Tyre Curing Presses ....	—	—	—	—
Tube Curing Presses ....	—	—	—	—
Brake Assemblies .....	—	—	—	—
Bladder Presses .....	—	—	—	—
Bulk Transporters .....	—	—	150	150
Three Lobe Blowers ....	—	—	150	—
(*) The above Installed Capacities do not include Installed Capacities of Madukkarai unit as the Company has acquired on licence the Unit from The Associated Cement Companies Ltd.				
(**) Licenced Capacity per annum not indicated due to abolition of Industrial Licence as per notification No. 477 (E) dated July 25, 1991 issued under the Industrial (Development & Regulation) Act, 1951.				

IV. PARTICULARS IN RESPECT OF GOODS MANUFACTURED/TRADED —				
	<b>1997-98</b>	<b>1996-97</b>	<b>Opening Stock</b>	<b>Closing Stock</b>
	<b>Qty.</b>	<b>Qty.</b>	<b>(Finished Goods)</b>	<b>(Finished Goods)</b>
	<b>Nos.</b>	<b>Nos.</b>	<b>Qty.</b>	<b>Qty.</b>
			<b>Nos.</b>	<b>Nos.</b>
			<b>Rs. Lac</b>	<b>Rs. Lac</b>
1. Tyre Building Machines .....	<b>11</b>	38	—	—
2. Bulk Transporters .....	<b>79</b>	40	—	—
3. Blowers .....	<b>15</b>	—	—	—

V. EXPENDITURE IN FOREIGN CURRENCY DURING THE YEAR —			<b>1997-98</b>	<b>1996-97</b>
			<b>Rs. Lac</b>	<b>Rs. Lac</b>
1. Foreign Tour .....			—	3.49
2. Technical Know-how .....			<b>58.24</b>	286.90
3. Royalty .....			<b>10.38</b>	3.27
4. Basic Engineering Fees .....			<b>20.41</b>	—
5. Interest on ECB .....			<b>28.16</b>	—

VI. VALUE OF IMPORTS CALCULATED ON C.I.F. BASIS —			<b>1997-98</b>	<b>1996-97</b>
			<b>Rs. Lac</b>	<b>Rs. Lac</b>
Raw Materials .....			<b>30.23</b>	59.50
Capital Goods .....			<b>9.23</b>	—

VII. VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS, STORES AND SPARE PARTS CONSUMED DURING THE YEAR —								
	RAW MATERIALS				GENERAL STORES AND LOOSE TOOLS			
	<b>1997-98</b>	<b>%</b>	<b>1996-97</b>	<b>%</b>	<b>1997-98</b>	<b>%</b>	<b>1996-97</b>	<b>%</b>
	<b>Rs. Lac</b>		<b>Rs. Lac</b>		<b>Rs. Lac</b>		<b>Rs. Lac</b>	
1. Imported .....	<b>111.97</b>	<b>7.32</b>	9.55	0.78	—	—	—	—
2. Indigenous .....	<b>1417.01</b>	<b>92.68</b>	1221.87	99.22	<b>30.71</b>	<b>100</b>	20.12	100
	<b>1528.98</b>	<b>100</b>	1231.42	100	<b>30.71</b>	<b>100</b>	20.12	100

VIII. VALUE OF EXPORTS — (RS. LAC)	
Exports on F. O. B. basis <b>Rs. 3.04 Lac</b> (Previous Year Rs. 3.69 Lac)	

Signatures to Schedules A to M and 1 to 6  
As per our Report attached

For K. S. AIYAR & CO.  
Chartered Accountants.

RAGHUVIR M. AIYAR  
Partner.

J. N. Dhondy  
Company Secretary

For and on behalf of the Board

T.M.M. Nambiar

Chairman

A. R. Shenoy  
N. H. Italia

Directors

Mumbai, May 27, 1998.

Mumbai, May 27, 1998.

**ANNEXURE TO THE DIRECTORS' REPORT (Para 10)**

(Additional information given in terms of Notification 1029 of 31.12.1988 issued by the  
Department of Company Affairs)

**Disclosures****A. Conservation of Energy :**

- (a) The Company has installed high productivity CNC machines at the new facility which are far more energy efficient as compared to the conventional machine tools.  
(b) The Uni-drive Twin Mills of 60" and 84" manufactured by the Company for the first time in India are also highly energy efficient due to high efficiency drive systems and also due to the flexibility of load distribution/load staggering.

**B. Foreign Exchange Earnings and outgo :**

Earnings : Rs. 3.04 Lakh.  
Outgo : Rs. 117.19 Lakh.

**FORM B****Research and Development :**

- Specific areas in which R&D carried out by the Company :
  - Large number of critical components and sub-assemblies for 45" Tyre Curing Press have been developed indigenously.
  - A wide range of machines for tyre finishing, repairs and handling have been developed, most of them for the first time indigenously.
  - Manufacture of 3-Lobe Blowers was successfully indigenised for the first time in the country.
- Benefits derived as a result of the above R&D :  
The aforesaid products were so far imported into the country and their indigenisation would lead to substantial reduction in costs to equipment users and substantial savings in foreign exchange to the country.
- Future Plan of Action :
  - To carry out further product development and technology upgradation in existing product range and new products.
- Expenditure on R&D : NIL.
- Technology absorption, adaptation and innovation :
  - 3-Lobe Blowers to the design of M/s. Unozawa-Gumi Iron Works Ltd., Japan have been manufactured and supplied.
  - 45" Tyre Curing Press with Vertical Chuck Loader and Post Cure Inflator to the design of M/s. Kobe Steel Ltd., Japan have been manufactured and supplied.

For and on behalf of the Board  
T. M. M. Nambiar  
Chairman

Mumbai, May 27, 1998.

## Additional information pursuant to part IV of Schedule VI to the Companies Act, 1956.

1. Registration Details		
Registration No.	:	16974
State Code No.	:	11
Balance Sheet Date	:	31-03-98
		(Rs. thousands)
2. Capital Raised During the year		
Public (Issue through the prospectus)	:	—
Right Issue	:	—
Bonus Issue	:	—
Private Placement (Firm allotment to the promoters and their Associates)	:	—
3. Position of Mobilisation & Deployment of Funds		
Total Liabilities	:	1609.52
Total Assets	:	1609.52
Sources of Funds —		
Paid-up Capital (including Share Application money)	:	300.00
Reserves & Surplus	:	356.63
Secured Loans	:	387.64
Unsecured Loans	:	565.25
Application of Funds —		
Net Fixed Assets	:	1309.20
Investments	:	—
Net Current Assets	:	121.31
Miscellaneous Expenditure	:	179.01
Accumulated Losses	:	—
4. Performance of Company —		
Turnover	:	2696.57
Total Expenditure	:	2684.21
Profit before Tax	:	12.36
Profit after Tax	:	11.06
Earning per Share	Rs.	3.69
Dividend Rate	%	Nil
5. Generic Name of Principal Product of Company		
(As per Monetary Terms)		
Item Code	:	8477.80
	:	8419.89
Product Description	:	Tyre, Rubber and Cement Machinery

For and on behalf of the Board

T. M. M. Nambiar

Chairman

A. R. Shenoy

N. H. Italia

Directors

J. N. Dhondy  
Company Secretary

Mumbai, May 27, 1998.

## DIRECTORS' REPORT

The Directors hereby present their Sixty-Ninth Annual Report together with the Statement of Accounts for the year ended March 31, 1998.

1. The Profit and Loss Account shows a net loss of Rs. 106 which is carried to the Balance Sheet.
2. Dr. S. Ganguly tendered his resignation as a Director of this Company with effect from January 1, 1998. The Board has placed on record its warm appreciation of the valuable services rendered by Dr. Ganguly during his tenure as a Director of this Company with effect from December 21, 1988.

Mr. M. L. Narula has been appointed a Director of the Company in the casual vacancy caused by the resignation of Dr. Ganguly.

In accordance with the provision of the Companies Act, 1956, Mr. A. R. Senoy, a Director of the Company retires by rotation and is eligible for re-appointment.

3. The Shareholders of the Company are requested to appoint Auditors and to fix their remuneration.

For and on behalf of the Board,

T. M. M. NAMBIAR  
*Chairman*

*Mumbai, May 27, 1998.*

*Registered Office:*

*'Cement House',  
 121, Maharshi Karve Road,  
 Mumbai 400 020.*

## AUDITORS' REPORT

We have examined the attached Balance Sheet of THE CEMENT MARKETING COMPANY OF INDIA, LIMITED, Mumbai as at 31st March, 1998 and the annexed Profit and Loss Account for the year ended on that date which are in agreement with the books of account.

As the Company during the year was not engaged in any of the activities specified in para 1(2) of the Manufacturing and other Companies (Auditor's Report) Order, 1988 the said order is not applicable.

Further to the above:

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.

In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account subject to and read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view of the state of the Company's affairs as at the close of the year and of the loss for the said year.

For K. S. AIYAR & CO.  
*Chartered Accountants*

RAMAKRISHNA PRABHU  
*Partner*

*Mumbai, May 27, 1998.*

# THE CEMENT MARKETING COMPANY OF INDIA, LIMITED

## BALANCE SHEET AS AT MARCH 31, 1998

	Rupees	Rupees	Previous Year Rupees
<b>SOURCES OF FUNDS</b>			
SHAREHOLDERS' FUNDS			
(1) SHARE CAPITAL			
Authorised —			
3,610 Equity Shares of Rs. 100 each ....	3,61,000		3,61,000
Issued and Subscribed —			
3,610 Equity Shares of Rs. 100 each, Rs. 10 per share paid up — all held by the Holding Company, The Associated Cement Companies, Limited and their nominees .....	36,100		36,100
(2) RESERVES AND SURPLUS			
Profit and Loss Account .....	6,551		6,657
(3) TOTAL FUNDS .....	42,651		42,757
<b>APPLICATION OF FUNDS</b>			
INVESTMENTS			
— Fixed Deposit with Central Bank of India	35,000		35,000
CURRENT ASSETS, LOANS AND ADVANCES			
(a) Cash and Bank Balances —			
On Current Account with a Scheduled Bank .....	5,433		7,914
(b) Interest accrued on Fixed Deposit .....	2,275		—
(c) Advance Payment of Tax .....	543		443
	8,251		8,357
LESS — CURRENT LIABILITIES AND PROVISIONS			
(a) Sundry Liabilities .....	500		500
(b) Provision for taxation .....	100		100
	600		600
NET CURRENT ASSETS .....	7,651		7,757
TOTAL ASSETS (NET) .....	42,651		42,757

Per our Report attached

For and on behalf of the Board,

For K. S. AIYAR & CO.  
Chartered Accountants.

T. M. M. NAMBIAR

Chairman.

RAMAKRISHNA PRABHU  
Partner.A. R. SHENOY  
M. L. NARULA

Directors.

Mumbai, May 27, 1998.

Mumbai, May 27, 1998.

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 1998

	Rupees	Rupees	Previous Year Rupees
<b>Income</b>			
Interest on Fixed Deposit .....	4,550		4,563
<b>Expenditure</b>			
Establishment and other Expenses			
1. Rates and Taxes .....	1,120		970
2. Printing Stationery, Postage and Telephone Charges .....	1,356		1,344
3. General Charges .....	1,680		1,520
4. Auditors' Fees .....	500		500
	4,656		4,334
Profit/(Loss) before Taxation .....		(106)	229
Provision for Taxation .....		—	100
Net Profit/(Loss) after Taxation .....		(106)	129
Balance Brought forward from Previous Year		6,657	6,528
Balance Carried to Balance Sheet .....		6,551	6,657

Note: Additional information pursuant to the provisions of paragraphs 3 and 4 of the Part II of Schedule VI to the Companies Act, 1956, is not applicable, in absence of any trading activity. Accounting Policy — All Expenditure and Income are on accrual basis.

Per our Report attached

For and on behalf of the Board,

For K. S. AIYAR & CO.  
Chartered Accountants.

T. M. M. NAMBIAR

Chairman.

RAMAKRISHNA PRABHU  
Partner.A. R. SHENOY  
M. L. NARULA

Directors.

Mumbai, May 27, 1998.

Mumbai, May 27, 1998.

### Balance Sheet Abstract and Company's General Business Profile

#### Additional Information Pursuant to Part IV of Schedule VI to the Companies Act, 1956.

I. Registration No.	002514	State Code	11
Balance sheet Date	31 03 1998		
II. Capital raised during the year (Amount in Rupees)			
Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil
III. Position of Mobilisation and Deployment of Funds (Amount in Rupees)			
Total Liabilities	43251	Total Assets	43251
Source of Funds		Reserves & Surplus	6551
Paid-up Capital	36100	Unsecured Loans	Nil
Secured Loans	Nil	Investments	35000
Application of Funds		Misc. Expenditure	Nil
Net Fixed Assets	Nil		
Net Current Assets	7651	Expenditure	4656
Accumulated Losses		Profit/(Loss) after Tax	(106)
IV. Performance of Company (Amount in Rupees)		Dividend rate %	—
Income	4550		
Profit/(Loss) before tax	(106)		
Earning per share in Rs.	Nil		
V. Generic Name of Three Principal Products/Services of the Company as per monetary terms	—		



## DIRECTORS' REPORT

To The Members of  
ACC-NIHON CASTINGS LIMITED

Your Directors have pleasure in presenting the 6th Annual report on the business and operations of your Company together with the Audited Financial Accounts for the year ended 31st March, 1998.

### 1. FINANCIAL RESULTS

	1997-98	1996-97
	Rs. Lac	Rs. Lac
Net Sales & other Income	1922	2784
Operating expenditure	2081	2300
Profit/(Loss) before Interest and Depreciation	(159)	484
Interest	294	331
Profit/(Loss) before depreciation	(453)	153
Depreciation	174	167
Net profit/loss	(627)	(14)

### 2. OPERATIONS

#### 2.1. EROSION IN NETWORK

The operations of the Company have resulted in substantial erosion of network. In view of the re-structuring process initiated, the Management expects to arrest the losses and improve the financial position of the Company.

#### 2.2. PRODUCTION

Production for the financial year 1997-98 is 2775 MTs as compared to production of 3096 MTs during 1996-97.

#### 2.3. SALES

The total sales of products & services (net of Sales Tax and including ED) for the financial year is Rs. 1922 lac as compared to Rs. 2784 lac of last year. In terms of volume we have achieved a sales of 2317 MTs as compared to 3093 MTs of previous year.

#### 2.4. EXPORTS

The export turnover for the year is Rs. 55 lac (F.O.B. Value) as compared to Rs. 231 lac of previous year.

#### 2.5. NEW PRODUCT DEVELOPMENT

ANCL has developed 250 new products in the year 1997-98. These have contributed to a production of 400 Tons and have the potential to generate orders for several years.

### 3. HUMAN RESOURCES

The Industrial relations during the year was cordial.

### 4. ENGINEERING DIVISION

The Engineering Business was discontinued with effect from 31/12/97.

### 5. PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, the particulars in respect of conservation of energy, technology and foreign exchange earnings and outgo are set out in the Annexure to the Report.

### 6. MANAGEMENT

The Board of Directors appointed Mr. A.R. Shenoy as Managing Director for three years with effect from 21st August, 1997 upon the resignation of Mr. A.K. Pathak. The Board has placed on record its sincere appreciation of the services rendered by Mr. A.K. Pathak during his tenure of service as Managing Director of the Company.

### 7. PARTICULARS OF EMPLOYEES

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended regarding employees is given below:

Name	Mr. A.K. Pathak
Designation & nature of duties	Managing Director (*)
Remuneration received	Gross Rs. 487,845/- Net Rs. 363,924/-
Qualifications	B. Tech (Hons.), Elect., PGDM Management
Date of Commencement of employment	1-2-1993
Age in years	48 years
Last employment	The Associated Cement Companies, Limited

(\*) for part of the year.

### 8. DIRECTORS

Mr. M.M. Rajoria resigned as a Director of the Company with effect from August 5, 1997. The Board has placed on record its sincere appreciation for the services rendered by Mr. Rajoria during his tenure of Office.

Mr. Y. Yamamoto resigned as a Director of the Company with effect from August 21, 1997. The Board has placed on record its sincere appreciation for the services rendered by Mr. Y. Yamamoto during his tenure of Office.

Dr. A.K. Chatterjee has been appointed by the Board as a Director of the Company to fill in the casual vacancy caused by the resignation of Mr. M.M. Rajoria with effect from August 5, 1997.

Mr. N. Yamamura has been appointed by the Board as a Director of the Company to fill in the casual vacancy caused by the resignation of Mr. Y. Yamamoto with effect from August 21, 1997.

Mr. T.M.M. Nambiar has been appointed by the Board as an Additional Director with effect from January 1, 1998.

### 9. AUDITORS

The shareholders are requested to appoint Auditors for the financial year 1998-99 and fix their remuneration.

### 10. ACKNOWLEDGEMENT

The Directors acknowledge with gratitude the co-operation and assistance provided by the Company's Customers, Bankers, Financial Institutions and Government Authorities for their continued and valuable support. The Directors also wish to place on record their appreciation for the dedicated services of all Executives, Staff and Workmen of the Company during the year.

For and on behalf of the Board of Directors,  
T.M.M. NAMBIAR  
Chairman

Mumbai, May 27, 1998.

### ANNEXURE TO THE DIRECTORS' REPORT

Statement pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 for the year ended 31st March, 1998

#### A. Conservation of Energy

During the year electricity consumption per MT of castings has come down to 3272 units PMT as compared to 3700 units last year and the Company will continue its efforts at conservation of energy in the coming year.

#### FORM "A"

#### Form for Disclosure of Particulars with respect to Conservation of Energy

Power and Fuel Consumption	Current Year	Previous Year
(1) Electricity		
(a) Units purchased KWH	7486875	9377803
Total amount (Rs.)	29947360	35100535
Rate/Unit Rs./KW	4.00	3.74
(b) Own Generation	Nil	Nil
(2) Light Diesel Oil		
Units purchased (Ltrs.)	131500	207300
Total amount (Rs.)	1240618	1967636
Rate Rs./Ltr.	9.43	9.49
(3) Consumption/Unit of Production		
Product : Steel, Alloy and Cast Iron Castings		
Electricity (Units/MT)	2877	2908
Light Diesel Oil (Ltrs./MT)	50.47	64.24

#### B. Technology Absorption

The technology of manufacturing certain Highchrome Irons, Special Grade of Mn Steel and Heat Resisting Steels were absorbed.

#### C. Foreign Exchange Earnings and outgo

Figures for foreign exchange earnings and outgo are furnished in Items 12 and 11 of Notes on Accounts.

For and on behalf of the Board,  
T.M.M. NAMBIAR  
Chairman

Mumbai, May 27, 1998.

## AUDITORS' REPORT

TO THE MEMBERS OF

ACC-NIHON CASTINGS LIMITED

We have audited the attached Balance Sheet of ACC-NIHON CASTINGS LIMITED as at March 31, 1998 and also the Profit and Loss Account of the Company for the year ended March 31, 1998 annexed thereto and report that:-

- As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.
- Further to our comments in the Annexure referred to in paragraph 1 above:
  - we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books;
  - the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
  - in our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
    - in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 1998; and
    - in the case of the Profit and Loss Account, of the loss of the Company for the year ended March 31, 1998.

For A. F. FERGUSON & CO.  
Chartered Accountants  
B. P. Shroff  
Partner

Mumbai, May 27, 1998.

### ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 of our Report of even date)

- The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. A substantial portion of the fixed assets has been physically verified by the Management during the year. No material discrepancies were noticed on such physical verification. In our opinion, the frequency of verification is reasonable.
- None of the fixed assets has been revalued during the year.
- The stocks of finished goods, stores, spare parts and raw materials have been physically verified during the year by the management, except for stocks lying with third parties in respect of which confirmations have been obtained from them at the year end. In our opinion, the frequency of verification is reasonable.
- The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
- On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
- The Company has not taken/granted any loans, secured or unsecured from/to Companies, firms or other parties listed in the register maintained under Section 301 and from/to companies under the same management within the meaning of Section 370(1-B) of the Companies Act, 1956, where the rates of interest and other terms and conditions are *prima facie* prejudicial to the interests of the Company.
- In respect of loans given to the employees the company is recovering principal and interest as stipulated.
- In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipment and other assets and with regard to the sale of goods.
- In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, and aggregating during the year to Rs. 50,000/- or more in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods, materials or services have been made with other parties.
- As explained to us, the Company has a procedure for determination of unserviceable or damaged stores, raw materials and finished goods. However, no such items have been determined during the year.
- The Company has not accepted any deposits from the public to which the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 apply.
- The Company's operations do not generate any by-products and the sale of scrap is not significant.
- In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.
- We are informed that the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of the products of the Company.
- According to the records of the Company, Provident Fund dues have been generally been regularly deposited during the year with the appropriate authorities. We are informed that the provisions of the Employees State Insurance Act, 1948 are not applicable to the Company.
- According to the information and explanations given to us, there were no undisputed amounts payable in respect of income-tax, wealth tax, sales tax, customs duty and excise duty outstanding as at March 31, 1998 for a period of more than six months from the date on which they became payable.
- According to the information and explanations given to us, no personal expenses of the employees or the directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
- The Company is not a sick industrial company within the meaning of Section 31(i) of the Sick Industrial Companies (Special Provisions) Act, 1985.
- In the case of the Company's service activities:
  - these do not involve receipts, issues and consumption of materials and stores and hence the question of allocating materials consumed to the relative jobs does not arise;
  - the Company has a reasonable system of allocating manhours utilised to the relative jobs, commensurate with its size and nature of its business;
  - there is a reasonable system of authorisation at proper levels, and an adequate system of internal control commensurate with the size of the company and the nature of its business, on allocation of labour to jobs.

For A. F. FERGUSON & CO.  
Chartered Accountants  
B. P. Shroff  
Partner

Mumbai, May 27, 1998.

## BALANCE SHEET AS AT MARCH 31, 1998

	Schedules	Rs. Lac	Previous Year Rs. Lac
<b>SOURCES OF FUNDS :</b>			
1. SHAREHOLDERS' FUNDS			
(a) Share Capital .....	1	1,543.24	1,543.24
(b) Reserves and Surplus .....	2	30.00	30.00
		1,573.24	1,573.24
2. LOAN FUNDS			
(a) Secured loans .....	3	978.61	1,148.39
(b) Unsecured loans .....	4	2,126.05	1,501.02
		3,104.66	2,649.41
TOTAL .....		4,677.90	4,222.65
<b>APPLICATION OF FUNDS :</b>			
1. FIXED CAPITAL EXPENDITURE			
(a) FIXED ASSETS .....	5		
(i) Gross block .....		2,855.59	2,759.24
(ii) Less : Depreciation .....		684.56	510.50
(iii) Net block .....		2,171.03	2,248.74
(b) Capital work in progress and capital advances .....		4.52	37.57
		2,175.55	2,286.31
2. INVESTMENTS .....	6	0.15	0.15
3. CURRENT ASSETS, LOANS AND ADVANCES			
(a) Interest accrued on investments .....		0.14	0.11
(b) Inventories .....	7	696.80	579.43
(c) Sundry debtors .....	8	850.94	813.05
(d) Cash and bank balances .....	9	32.13	41.33
(e) Loans and advances .....	10	75.72	128.57
		1,655.73	1,562.49
4. LESS : CURRENT LIABILITIES AND PROVISIONS			
(a) Current liabilities .....	11	690.16	570.21
(b) Provisions .....	12	9.32	5.84
		699.48	576.05
5. NET CURRENT ASSETS .....		956.25	986.44
6. MISCELLANEOUS EXPENDITURE .... (To the extent not written off or adjusted)			
Product development expenses .....		121.20	149.27
Preliminary expenses .....		6.80	7.94
Share Issue expenses .....		3.32	3.79
Front-end fee .....		2.27	3.01
7. PROFIT AND LOSS ACCOUNT .....		1,412.36	785.74
TOTAL .....		4,677.90	4,222.65
8. NOTES ON ACCOUNTS .....	13		

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 1998

	Schedules	Rs. Lac	Previous Year Rs. Lac
<b>INCOME :</b>			
1. Sales and other income .....	A	1,922.49	2,784.04
		1,922.49	2,784.04
<b>EXPENDITURE :</b>			
2. Manufacturing and other expenses ..	B	2,271.73	2,438.22
3. Reduction/(Accretion) to finished stocks and work in progress added/(deducted) .....	C	(191.15)	(137.80)
4. Depreciation .....		174.06	167.43
5. Interest .....	D	294.47	330.74
TOTAL EXPENDITURE .....		2,549.11	2,798.59
(LOSS) FOR THE YEAR .....		(626.62)	(14.55)
(LOSS) BROUGHT FORWARD FROM PREVIOUS YEAR .....		(785.74)	(771.19)
BALANCE CARRIED TO BALANCE SHEET .....		(1,412.36)	(785.74)
6. NOTES ON ACCOUNTS .....	13		

Per our report of even date

For and on behalf of the Board,

Per our report of even date

For and on behalf of the Board,

For A. F. FERGUSON & CO.  
Chartered AccountantsT. M. M. NAMBIAR Chairman  
A. R. SHENOY Managing Director  
Dr. A. K. CHATTERJEE DirectorFor A. F. FERGUSON & CO.  
Chartered AccountantsT. M. M. NAMBIAR Chairman  
A. R. SHENOY Managing Director  
Dr. A. K. CHATTERJEE DirectorB. P. SHROFF  
Partner.A. P. SHENOY  
Company Secretary

Mumbai, May 27, 1998.

Mumbai, May 27, 1998.

B. P. SHROFF  
Partner.A. P. SHENOY  
Company Secretary

Mumbai, May 27, 1998.

Mumbai, May 27, 1998.





### SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

#### SCHEDULE A — SALE AND OTHER INCOME

	Rs. Lac	Previous Year Rs. Lac
1. Sale of Products	1,649.52	2,498.43
2. Fees received from consultancy services	256.95	279.55
3. Other Income		
a. Bank and other interest (inclusive of tax deducted at source Rs. 0.39 Lac (Previous year Rs. 0.41 Lac))	3.80	3.29
b. Miscellaneous income	4.48	2.77
c. Excess provisions made in previous year	7.74	—
	<u>1922.49</u>	<u>2784.04</u>

#### SCHEDULE B — MANUFACTURING AND OTHER EXPENSES

	Rs. Lac	Previous Year Rs. Lac
1. RAW MATERIALS CONSUMED	441.24	718.37
2. STORES AND SPARES CONSUMED	368.99	313.10
3. CONTRACTS IN PROGRESS (*)	20.79	—
4. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		
a. Salaries, wages and dearness allowance	149.86	124.86
b. Contributions to provident and other funds	19.83	12.23
c. Workmen and staff welfare expenses	12.70	14.03
	<u>182.39</u>	<u>151.12</u>
5. OPERATION AND OTHER EXPENSES		
Purchase of power and fuel	288.28	325.57
Repairs and maintenance - building	2.06	0.43
Repairs and maintenance - plant and machinery	10.65	3.97
Repairs and maintenance - others	12.47	16.25
Rent (including lease rent Rs. 11.26 Lac, (previous year Rs. 8.20 Lac))	23.66	16.57
Rates and taxes	13.36	13.93
Insurance	7.30	4.30
Travelling and conveyance	37.79	36.32
Sub-contract charges	161.89	152.99
Royalty (net of reversal of Rs. Nil-Previous year - 14.86 Lac)	32.75	60.77
Preliminary/Share issue expenses written off	2.36	1.61
Product development expenses written off (@)	75.69	22.57
Provision for Doubtful Debts	30.63	8.51
Bad debts written off	5.41	—
Freight and forwarding expenses	48.89	76.01
Technical Know-how Fees	114.02	137.46
Other expenses	64.40	71.27
Auditors' remuneration:		
(a) Audit Fees	0.75	0.75
(b) Fees for taxation matters	—	0.15
(c) Fees for other services	0.74	0.11
(c) Reimbursement of Expenses	0.36	—
Sales Commission	22.31	12.18
Exchange loss	110.26	14.44
	<u>1,066.03</u>	<u>976.16</u>
6. EXCISE DUTIES	192.29	279.47
	<u>2,271.73</u>	<u>2,438.22</u>

(\*) at beginning of the year

(@) Net of write back in respect of earlier years Rs. Nil, (Previous year — 40.29 Lac)

#### SCHEDULE C — REDUCTION/(ACCRETION) TO FINISHED STOCKS AND WORK IN PROGRESS ADDED/(DEDUCTED)

	Rs. Lac	Previous Year Rs. Lac
Stocks as on March 31, 1998		
(i) Work-in-progress	212.90	317.03
(ii) Finished Goods	308.42	13.14
	<u>521.32</u>	<u>330.17</u>
Less: Stocks as on April 1, 1997		
(i) Work-in-progress	317.03	186.83
(ii) Finished Goods	13.14	5.54
	<u>330.17</u>	<u>192.37</u>
	<u>(191.15)</u>	<u>(137.80)</u>

#### SCHEDULE D — INTEREST

	Rs. Lac	Previous Year Rs. Lac
a. Fixed period loans	234.16	227.65
b. Others	60.31	103.09
	<u>294.47</u>	<u>330.74</u>

### SCHEDULES FORMING PART OF THE BALANCE SHEET

#### SCHEDULE 1

	Rs. Lac	Previous Year Rs. Lac
<b>SHARE CAPITAL</b>		
AUTHORISED —		
1,60,00,000 Equity Shares of Rs. 10 each	1,600.00	1,600.00
ISSUED, SUBSCRIBED AND PAID UP —		
1,54,32,384 Equity Shares of Rs. 10 each	1,543.24	1,543.24
The Associated Cement Cos., Ltd., the holding company and its nominees hold 84,82,538 (Previous year 84,82,538) Equity Shares		

#### SCHEDULE 2

	Rs. Lac	Previous Year Rs. Lac
<b>RESERVES AND SURPLUS</b>		
CAPITAL RESERVE		
Special Capital Incentive	30.00	30.00
	<u>30.00</u>	<u>30.00</u>

#### SCHEDULE 3

	Rs. Lac	Previous Year Rs. Lac
<b>SECURED LOANS</b>		
Term loan from Industrial Development Bank of India (Amount repayable within a year Rs. 250 Lac, previous year Rs. 250 Lac). Secured by a first charge by way of hypothecation of all the Company's movables (save and except book debts) including movable machinery, machinery spares, tools and accessories, present and future, subject to prior charges in favour of the Company's bankers on specified movables for securing borrowings for working capital requirements, and guaranteed by The Associated Cement Companies Ltd., the Holding Company	687.50	937.50
Amounts drawn against cash credit accounts with a bank Secured by hypothecation of stocks, stores and book debts	291.11	210.89
	<u>978.61</u>	<u>1,148.39</u>

#### SCHEDULE 4

	Rs. Lac	Previous Year Rs. Lac
<b>UNSECURED LOANS</b>		
Short Term :		
The Associated Cement Companies Ltd. ....	514.00	61.00
Long Term:		
The Associated Cement Companies Ltd. ....	192.00	192.00
Nihon Cement Company Ltd. ....	18.10	17.48
Sales tax deferral loan .....	210.05	147.24
Foreign currency loan from Bank .....	1,191.90	1,083.30
	<u>2,126.05</u>	<u>1,501.02</u>

## SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 5		GROSS BLOCK				DEPRECIATION				NET BLOCK	
FIXED ASSETS											
PARTICULARS	As at March 31, 1997 Rs. Lac	Additions during the year Rs. Lac	Deduct/ Trans. dur- ing the year Rs. Lac	Cost as at March 31, 1998 Rs. Lac	As at March 31, 1997 Rs. Lac	For the year Rs. Lac	Deduct/ Trans. dur- ing the year Rs. Lac	As at March 31, 1998 Rs. Lac	As at March 31, 1998 Rs. Lac	As at March 31, 1997 Rs. Lac	
Leasehold Land	49.64	0.93	—	50.57	1.88	0.53	—	2.41	48.16	47.76	
Buildings	434.30	8.36	—	442.66	38.83	13.47	—	52.30	390.36	395.47	
Plant and Machinery	2,217.70	83.74	—	2,301.44	442.32	153.53	—	595.85	1,705.59	1,775.38	
Furniture, fixtures and office equipment	51.47	3.32	—	54.79	24.96	5.95	—	30.91	23.88	26.51	
Vehicles	6.13	—	—	6.13	2.51	0.58	—	3.09	3.04	3.62	
Total	2,759.24	96.35	—	2,855.59	510.50	174.06	—	684.56	2,171.03		
Previous Year	2,682.82	82.37	5.95	2,759.24	343.47	167.43	0.40	510.50		2,248.74	

**Note:** Additions during the year include exchange loss Rs. 9.97 Lac (Previous year exchange gain Rs. 5.95 Lac) arising out of translation of Foreign Currency Loan.

SCHEDULE 6		Previous Year Rs. Lac	
INVESTMENTS (AT COST)			
NON TRADE INVESTMENTS (Unquoted)			
Government securities			
National savings certificates (pledged with sales tax authorities)	0.15	0.15	
(Long Term Investment)	0.15	0.15	

SCHEDULE 7		Previous Year Rs. Lac	
INVENTORIES (as certified by the Management)			
a) Raw material, at cost	134.49	169.34	
b) Stores and spare parts, at cost	40.99	59.13	
c) Finished goods, at lower of cost and realisable value	308.42	13.14	
d) Work-in-progress, at lower of cost and realisable value	212.90	317.03	
e) Contract in progress	—	20.79	
	696.80	579.43	

SCHEDULE 8		Previous Year Rs. Lac	
SUNDRY DEBTORS			
Unsecured and considered good, except to the extent provided			
a) Over six months	353.26	157.69	
b) Others	538.12	665.17	
	891.38	822.86	
Less: Provision for doubtful debts — over six months	40.44	9.81	
	850.94	813.05	

SCHEDULE 9		Previous Year Rs. Lac	
CASH AND BANK BALANCES			
1. Cash on hand	1.08	1.00	
2. With scheduled banks:			
On current accounts	13.76	23.45	
On fixed deposit accounts	17.29	16.88	
	32.13	41.33	

SCHEDULE 10		Previous Year Rs. Lac	
LOANS AND ADVANCES			
(Unsecured and considered good)			
1. Advances receivable in cash or in kind or for value to be received	25.37*	76.38*	
2. Balances with customs and excise authorities	12.70	16.78	
3. Deposits with government bodies and others	27.95	26.34	
4. Advance payment of taxes	9.70	9.07	
	75.72	128.57	

\* Due by Managing Director Rs. Nil Lac (Previous Year - Rs. 1.47 Lac) Maximum balance during the year Rs. 1.47 Lac (Previous year - Rs. 1.66 Lac)

SCHEDULE 11		Previous Year Rs. Lac	
CURRENT LIABILITIES			
1. Sundry creditors for goods and services	545.21	446.06	
2. Advances from customers	104.80	96.06	
3. Security deposits	5.77	6.60	
4. Employees	2.37	5.35	
5. Interest accrued but not due	32.01	16.14	
	690.16	570.21	

SCHEDULE 12		Previous Year Rs. Lac	
PROVISIONS			
Provision for Gratuity		9.32	5.84
		9.32	5.84



## SCHEDULES FORMING PART OF THE BALANCE SHEET

### SCHEDULE 13

#### NOTES ON ACCOUNTS

##### 1. SIGNIFICANT ACCOUNTING POLICIES

###### (a) Accounting Convention:

The Financial Statements are prepared under the historical cost convention and on accrual basis.

###### (b) Sales:

(i) Sales revenue from products are recognised on despatch of goods. Sales are stated net of returns and includes excise duty recovered.

(ii) Income from consultancy and engineering service contracts is recognised on the percentage completion method.

###### (c) Capital Subsidy:

Capital subsidy not specifically related to a fixed asset is credited to Capital Reserve and retained till the requisite conditions are fulfilled.

###### (d) Fixed Assets and Depreciation:

(i) Fixed assets are stated at their original cost of acquisition or construction including taxes, duties, freight and other incidental expenses. The expenditure incurred including interest and financing costs during construction period or the period prior to commencement of commercial production is also capitalised.

(ii) Depreciation on fixed assets is provided on the straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956, on a *pro-rata* basis.

(iii) Cost of leasehold land is amortised over the period of the lease.

###### (e) Inventories:

(i) Finished goods and work-in-progress are valued at cost or net realisable value whichever is lower. Raw materials, stores and spares are valued at cost. The costs are determined on a weighted average basis.

(ii) The costs attributable to contracts in progress are carried forward. Provision is made for foreseeable losses.

###### (f) Foreign Currency Transactions:

(i) The foreign currency liability outstanding as on the last day of the accounting year in respect of fixed assets is translated at the exchange rate prevalent on that day and any loss or gain arising out of such translation is added/deducted from the cost of fixed assets.

(ii) Current assets and Current liabilities are translated at year end exchange rates and the profit/loss so determined and also the realised gains or losses are recognised in the Profit and Loss Account.

###### (g) Miscellaneous expenditure:

(i) Preliminary and share issue expenses are written off over a period of ten years.

(ii) The initial cost of development of selected new products including net cost of abnormal rejections during development stage is deferred to be written off over a period of five years.

(iii) Front end fees in respect of long term borrowings are written off over a period of five years.

2. The operations of the Company have resulted in substantial erosion of net worth. The accounts of the Company have been prepared on a 'going concern' basis in view of the restructuring process initiated by the management and continuing support from the holding company.

3. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances):

Rs. 1.99 Lac (*Previous Year Rs. 7.61 Lac*).

##### 4. Contingent liabilities not provided for:

(a) Guarantees given by the Company's bankers, counter guaranteed by the Company, Rs. 118.85 lac (*Previous Year Rs. 197.25 Lac*).

(b) Bills discounted Rs. 26.14 Lac (*Previous Year Rs. 14.51 Lac*).

(c) The Company has achieved exports of US\$ 2.05 Million as against export obligations of US\$ 3.73 Million under the Export Promotion Capital Goods Scheme (EPCG) to be achieved by December 31, 1997. As a result the Company may be subject to penalty, interest and other levies amounting to Rs. 530.75 Lac. The Company has applied for extension of period for meeting export obligations and is hopeful of obtaining the same and accordingly does not anticipate a liability in this matter.

5. The Industrial Development Bank of India has an option in terms of the loan agreement to convert the whole of the outstanding amount of the loan or a part not exceeding 20% thereof, whichever is lower, into fully paid equity shares at par.

##### 6. MANAGERIAL REMUNERATION

	Previous Year	
	Rs. Lac	Rs. Lac
Salary	2.43*	3.30
Contribution to Provident and other funds	0.13	0.33
Perquisites	3.42	1.18
	<u>5.98</u>	<u>4.81</u>

\* Salary of Rs. 1.10 Lac subject to approval of Shareholders

7. The following expenditure is included in Capital work in progress:

	Previous Year	
	Rs. Lac	Rs. Lac
Salaries	—	2.40
Interest	—	0.89
Exchange fluctuation	0.41	—
	<u>0.41</u>	<u>3.29</u>

8. Excise duty liability amounting to Rs. 43.23 Lac (*Previous year Rs. 1.71 Lac*) on manufactured goods lying in factory premises has not been provided and also not included in the valuation of stock in trade. This accounting treatment has no impact on the Profit and Loss Account.

9. Payment to suppliers in the Small Scale Sector are generally made in accordance with agreed credit terms. The amount, if any, overdue as at March 31, 1998 has not been ascertained.

##### 10. ADDITIONAL INFORMATION

Additional information as applicable in pursuance of the provisions of Part II of Schedule VI of the Companies Act, 1956.

(A) Details of raw material consumed :

Unit	1997-98		1996-97	
	Quantity	Rs. Lac	Quantity	Rs. Lac
(i) Scrap	Tonnes	2868.226	307.64	3274.283
(ii) Nickel	Tonnes	1.781	5.90	11.036
(iii) Ferro Alloys	Tonnes	243.445	114.45	516.530
(iv) Others	Tonnes	52.173	13.25	103.059
		<u>2965.625</u>	<u>441.24</u>	<u>3904.908</u>
				<u>718.37</u>

(B) Licenced Capacity (Tonnes)

	1998	1997
	Not	Not-
	Applicable	Applicable

## SCHEDULES FORMING PART OF THE BALANCE SHEET

(C) Installed capacity, actual production, opening stock and closing stock, turnover.

		1997-98		1996-97	
		Quantity	Rs. Lac	Quantity	Rs. Lac
* Installed Capacity	Tonnes	3000.000	—	3000.000	—
Opening Stock ..	Tonnes	14.869	13.14	12.104	5.54
Production .....	Tonnes	2778.150	—	3095.998	—
Sales - Castings	Tonnes	2317.300	1649.52	3093.233	2498.43
Closing Stock**	Tonnes	472.722	308.42	14.869	13.14

\* As certified by the Management and accepted by the Auditors being technical matter.

\*\* Includes 398.681 tonnes awaiting inspection (*previous year Nil*)

(D) Value of imported and indigenous raw materials and consumables consumed:

	Raw Materials				Consumables			
	1997-98	%	1996-97	%	1997-98	%	1996-97	%
	Rs. Lac		Rs. Lac		Rs. Lac		Rs. Lac	
(i) Imported	84.65	19.18	50.48	7.03	—	—	—	—
(ii) Indigenous	356.59	80.82	667.89	92.97	368.99	100.00	313.10	100.00
	<u>441.24</u>	<u>100.00</u>	<u>718.37</u>	<u>100.00</u>	<u>368.99</u>	<u>100.00</u>	<u>313.10</u>	<u>100.00</u>

Consumption figures have been arrived at on the basis of opening stock plus purchases less closing stock and include adjustment of excess/shortage ascertained on physical count.

(E) Value of Imports on CIF Basis

	1997-98	1996-97
	Rs. Lac	Rs. Lac
Raw Material	66.86	28.76

11. Expenditure in foreign currency : (disclosed on payment basis and net of tax)

	1997-98	1996-97
	Rs. Lac	Rs. Lac
(i) Deputation fee	1.42	15.03
(ii) Training	—	3.51
(iii) Travelling expenses	2.19	5.95
(iv) Technical Know-how	118.41	36.71
(v) Royalty	50.00	—
(vi) Interest	76.48	—
(vii) Others	—	0.10

12. Earnings in foreign exchange:

	1997-98	1996-97
	Rs. Lac	Rs. Lac
(i) F.O.B. Value of exports	54.67	231.23

13. Estimated future lease rentals payable on Plant & Machinery Rs. 14.65 Lac. (*previous year Rs. 25.91 Lac*)

14. The figures for the previous year have been regrouped wherever necessary.

## BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

(AS PER SCHEDULE VI PART (IV) OF THE COMPANIES ACT, 1956)

### I. Registration Details

Registration No.	11-65319
State Code	11
Balance Sheet Date	31st March, 1998

### II. Capital Raised During the Year

	(Rs. Lac)	Current Year
Public Issue	—	—
Rights Issue	—	—
Private Placement	—	—
Bonus Issue	—	—

### III. Position of Mobilisation & Deployment of funds (Amount in Rs. Thousands)

Total Liabilities	537738
Total Assets	537738
<b>Source of Funds</b>	
Paid-up Capital	154324
Reserves & Surplus	3000
Secured Loans	97861
Other Unsecured Loans	212605
	<u>467790</u>
<b>Application of Funds</b>	
Net Fixed Assets	217555
Investments	15
Net Current Assets	95625
Miscellaneous Expenditure	13359
Accumulated Losses	141236
Capital work in progress	—
	<u>467790</u>

### IV. Performance of the Company

Turnover including Other Incomes	192249
Total Expenditure	254911
Profit/(loss)Before Tax	(62662)
Profit/(loss)After Tax	(62662)
Earnings Per Share (Rs.)	Nil
Dividend Rate (%)	Nil

### V. Generic Names of Three Principal Products/Services of the Company (As per Monetary Terms)

Product	Item Code	No.
Part of Machinery	8474.90	
Part of Machinery	8431.00	
Other Cast Articles of Iron or Steel	7325.20	

# Bulk Cement Corporation (India) Limited



## DIRECTORS' REPORT

TO THE MEMBERS OF  
BULK CEMENT CORPORATION (INDIA) LIMITED

- The Directors have pleasure in presenting the Sixth Annual Report and the Financial Accounts of the Company for the year ended March 31, 1998.

### 2. FINANCIAL STATEMENTS

The Annual Accounts of the Company for the Financial Year ended March 31, 1998 comprises of the Auditors Report, the Balance Sheet as at that date and a Statement of Capital Work-in-Progress and Pre-operative Expenditure during construction period (pending allocation) which is prepared in lieu of Profit and Loss Account, as the project of the Company is under implementation.

- PROJECT PROGRESS & COMMENCEMENT OF COMMERCIAL OPERATIONS**  
The Company was able to obtain 125 wagons and 5 brake vans. The project faced some teething problems and the necessary remedial measures are being undertaken.

Trial runs are presently on. It is expected that the performance trials would be completed very shortly and thereafter the project would be commissioned.

In the meanwhile, the Company, during the course of trial runs, brought in 14000Ts of cement in bulk. The advent of "Bulk Cement" in the Mumbai market has been an event, and has been well received by the prominent users of cement.

### 4. PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information under Sec. 217(1)(e) of the Companies Act, 1956, read with the Company's (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, for the Financial Year ended 31st March, 1998.

#### i) Conservation of Energy and Technology Absorption

The commercial production has not commenced. Hence the relevant particulars in respect of the disclosures required to be made under these headings during the period in reference are not required to be generated.

#### ii) Foreign Exchange Earnings And Outgo

(Rs. Lac)

Foreign Exchange Earned	1997-98
Foreign Exchange Used	NIL
	NIL

### 5. PARTICULARS OF EMPLOYEES

The Company has not employed any individual whose remuneration falls within the purview of the limits prescribed by the provisions of Sec. 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

### 6. DIRECTORS

6.1 Mr. A. R. Shenoy, Director nominated by M/s. The Associated Cement Companies Limited had resigned with effect from 26th September, 1997. Mr. A. K. Jain, President (Marketing) of ACC was nominated by M/s. The Associated Cement Companies Limited as a Director from the same date in the casual vacancy so created.

6.2 In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, the following Directors retire by rotation and are eligible for re-appointment.

- Mr. Hasmukh Adhia
- Mr. K. Ravindran

### 7. AUDITORS

The shareholders are requested to appoint auditors for the current year as detailed in the requisite Resolution and the relative Explanatory Statement. M/s. K. S. Aiyar & Co., Mumbai have under section 224(1B) of the Companies Act, 1956, furnished the Certificate of their eligibility for their re-appointment.

### 8. ACKNOWLEDGEMENT

Your Directors take this opportunity to express their grateful appreciation of the excellent assistance and co-operation received from The Associated Cement Companies Limited, the Department of Industrial Promotion & Policy-Ministry of Industry, Ministry of Railways, Industrial Credit and Investment Corporation of India Limited, Industrial Development Bank of India and the Commercial Banks. Your Directors also thank all the employees of the Company for their valuable service and support during the year.

For and on behalf of the Board,

BULK CEMENT CORPORATION (INDIA) LIMITED

A. K. JAIN  
Director

Mumbai, May 27, 1998.  
Registered Office :  
Khetan Bhavan (2nd Floor),  
8, Jamshedji Tata Road,  
Churchgate,  
Mumbai 400 020.

## AUDITORS' REPORT

TO THE MEMBERS OF  
BULK CEMENT CORPORATION (INDIA) LIMITED

We have audited the attached Balance Sheet as at 31st March, 1998. No Profit and Loss Account has been prepared for the year ended on that date as the Company has not commenced manufacturing, trading or other business activities.

- As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- Further to our comments in the Annexure referred to in paragraph 1 above, we report that :
  - we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - the Balance Sheet dealt with by this report is in agreement with the books of account;
- In our opinion and to the best of our information and according to the explanations given to us the said Balance Sheet read together with the Notes in Schedule 10, gives the information required by the Companies Act, 1956 in the manner so required and gives a true and fair view of the state of affairs of the company as at 31st March, 1998.

For K. S. AIYAR & CO.  
Chartered Accountants  
Raghuvir M. Aiyar  
Partner

Mumbai, 27th May, 1998.

## (Annexure to the Auditors' Report)

(Referred to in paragraph 1 of our Report of even date on the Accounts for the year ended 31st March, 1998).

- The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. These assets have been physically verified by the management at reasonable intervals during the year and no material discrepancies were noticed on such verification.
- None of the fixed assets have been revalued during the year.
- The Company has not taken any loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, and from the Companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.
- The Company has not granted any loans to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, and to the Companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.
- The Company has not given loans or advances in the nature of loans to any parties.
- In our opinion and according to the information and explanations given to us there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of plant and machinery, equipment and other assets.
- In our opinion, and according to the information and explanation given to us, the transactions of purchase of goods and materials made in pursuance of contracts or arrangements entered in the register maintained under Section 301 and aggregating during the year to Rs. 50,000 or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods and materials, or the prices at which transactions for similar goods or materials have been made with other parties.
- The Company has not accepted deposits from public within the meaning of section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
- In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- The Central Government has not prescribed maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956.
- The Company is regular in depositing the Provident Fund dues with the appropriate authorities. We are informed that the provisions of Employees' State Insurance Act, 1948 are not applicable to the Company.
- No undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty were outstanding, as at 31st March, 1998 for a period of more than six months from the date they became payable.
- According to the information and explanations given to us, no personal expenses of employees or directors have been charged to pre-operative expenses other than those payable under contractual obligations or in accordance with generally accepted business practice.
- The Company is not a sick industrial company within the meaning of Clause (O) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
- The Company has not commenced commercial operations and hence other provisions of the said Order are not applicable to the Company.

For K. S. AIYAR & CO.  
Chartered Accountants  
Raghuvir M. Aiyar  
Partner

Mumbai, 27th May, 1998.

**BALANCE SHEET AS AT 31ST MARCH, 1998**

	Schedule	As at 31-03-1998 Rupees	As at 31-03-1997 Rupees
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS FUNDS</b>			
Share Capital .....	1	18,69,00,700	18,69,00,700
<b>LOAN FUNDS</b>			
Secured loans .....	2	40,97,56,432	24,00,56,958
		<b>59,66,57,132</b>	<b>42,69,57,658</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross block .....	3	20,11,523	11,73,004
Less: Depreciation .....		7,78,185	4,08,444
Net Block .....		<b>12,33,338</b>	<b>7,64,560</b>
Capital Work-in-progress .....	4	65,22,83,478	44,18,92,822
		<b>65,35,16,816</b>	<b>44,26,57,382</b>
<b>CURRENT ASSETS, LOANS &amp; ADVANCES:</b>			
Sundry Debtors .....	5	28,91,921	—
Cash & Bank balances .....	6	17,72,920	48,31,101
Loans & Advances .....	7	32,05,750	15,45,558
		<b>78,70,591</b>	<b>63,76,659</b>
<b>LESS: CURRENT LIABILITIES AND PROVISIONS:</b>			
Sundry Liabilities .....	8	6,55,54,483	2,29,02,102
Provisions .....	9	2,27,484	2,25,973
		<b>(5,79,11,376)</b>	<b>(1,67,51,416)</b>
<b>MISCELLANEOUS EXPENDITURE:</b> (To the extent not written off or adjusted)			
Preliminary Expenses .....		5,51,572	5,51,572
Deferred Revenue Expenses .....		5,00,120	5,00,120
<b>TOTAL ASSETS (NET) .....</b>		<b>59,66,57,132</b>	<b>42,69,57,658</b>
Notes on Accounts	10		

Per our report attached

For K. S. AIYAR & CO.  
Chartered AccountantsRAGHUVIR M. AIYAR  
Partner

Mumbai, May 27, 1998.

For and on behalf of the Board,

M. V. BADRINATH  
A. K. JAIN  
K. RAVINDRAN

Directors

D. H. BARIA  
Company Secretary  
Mumbai, May 27, 1998.**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 1998****SCHEDULE 1 — SHARE CAPITAL**

	As at 31-03-1998 Rupees	As at 31-03-1997 Rupees
<b>AUTHORISED</b>		
2,00,00,000 Equity Shares of Rs. 10 each .....	20,00,00,000	20,00,00,000
<b>ISSUED, SUBSCRIBED AND FULLY PAID UP</b>		
1,86,90,070 Equity Shares of Rs. 10 each Fully Paid-up .....	18,69,00,700	18,69,00,700
	<b>18,69,00,700</b>	<b>18,69,00,700</b>

**SCHEDULE 2 — SECURED LOANS**

	As at 31-03-1998 Rupees	As at 31-03-1997 Rupees
<b>1. Financial Institutions —</b> Secured by first mortgage and charge over all the immoveable properties, both present and future and by first charge by way of hypothecation of all moveable assets, present and future (except book debts), subject to prior charges created and/or to be created in favour of the Company's Bankers on certain moveable assets for securing the borrowings for working capital requirements in the ordinary course of business. ....		
	37,17,56,432	24,00,56,958
<b>2. Bank</b> Secured by first charge on stocks and book debts and second charge on fixed assets of the Company. ....		
	3,80,00,000	—
	<b>40,97,56,432</b>	<b>24,00,56,958</b>

**SCHEDULE 3 — FIXED ASSETS**

	GROSS BLOCK			DEPRECIATION		NET BLOCK		
	As at 1-04-97	Additions during the year	As at 31-03-98	As at 1-04-97	For the year	Upto 31-3-98	As at 31-03-98	As at 31-03-97
Building	4,15,000	—	4,15,000	2,75,195	2,445	2,77,640	1,37,360	1,39,805
Office Equipments	4,94,158	3,75,420	8,69,578	1,09,205	80,874	1,89,779	6,79,799	3,84,953
Furniture & Fixtures	2,63,846	35,905	2,99,751	24,044	2,50,364	2,74,408	25,343	2,39,802
Vehicle	—	4,27,194	4,27,194	—	36,358	36,358	3,90,836	—
<b>Total</b>	<b>11,73,004</b>	<b>8,38,519</b>	<b>20,11,523</b>	<b>4,08,444</b>	<b>3,69,741</b>	<b>7,78,185</b>	<b>12,33,338</b>	<b>7,64,560</b>
Previous year	9,06,524	2,66,480	11,73,004	3,37,839	70,605	4,08,444	7,64,560	

Note: Building (Site Office) is on a leasehold land in possession of the company. It was sanctioned for the project by Ministry of Industry, Government of India vide letter No. DCCI/DV/1-26/91-92 dated 27.09.93.





# SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 1998

## SCHEDULE 4 — CAPITAL WORK-IN-PROGRESS

	As at 31-03-1998 Rupees	As at 31-03-1997 Rupees
A. Plant & Machinery, Wagons & Vans, Diesel Loco, Bulker Tankers, EOT Crane Site Silos, Work Shed, Rails, Railway Sidings, Buildings and Others Assets .....	<b>52,53,30,398</b>	30,92,47,543
B. Advance on Capital Account .....	<b>96,09,375</b>	7,89,20,956
C. Pre-operative Expenditure Incurred during construction period (Pending Allocation)		
(a) Technical Know-how fees .....	<b>63,92,664</b>	49,18,732
(b) Power Supply Materials .....	<b>55,22,720</b>	55,42,000
(c) Front Fees & Interest Paid .....	<b>8,80,38,002</b>	3,37,24,931
(d) Administrative Overheads : upto previous year .....	<b>95,38,660</b>	68,64,639
Add — Incurred during the year		
(i) Salary/PF/Allowances/and Other benefits .....	<b>33,60,927</b>	16,80,556
(ii) Rent, Rates & Taxes .....	<b>4,14,239</b>	4,04,722
(iii) Consultancy & Professional Fees .....	<b>1,23,400</b>	72,000
(iv) Telephone/Telex/Fax Charges .....	<b>3,64,908</b>	2,89,646
(v) Depreciation .....	<b>3,69,741</b>	70,605
(vi) Advertisement Expenses .....	—	14,357
(vii) Travelling Expenses .....	<b>2,72,757</b>	3,85,331
(viii) Electricity Charges .....	<b>48,30,020</b>	17,66,067
(ix) Printing & Stationery .....	<b>63,696</b>	70,372
(x) Business Promotion .....	<b>77,369</b>	92,543
(xi) Auditors Remuneration		
Audit Fees .....	<b>12,000</b>	12,000
Certification Fees .....	<b>7,000</b>	4,000
Expenses Reimbursed .....	—	307
(xii) Other Expenses .....	<b>8,62,455</b>	8,65,138
	<b>12,02,50,558</b>	5,67,77,946
Services charges, Freight rebate & Other Income (See Schedule 10, para 4) ...	<b>(29,36,853)</b>	(53,18,623)
Provision for Taxation .....	<b>30,000</b>	22,65,000
Total of (C) .....	<b>11,73,43,705</b>	5,37,24,323
Balance carried to Balance Sheet .....		
TOTAL — (A+B+C) .....	<b>69,22,83,478</b>	44,18,92,822

## SCHEDULE 5 — SUNDRY DEBTORS

	As at 31-03-1998 Rupees	As at 31-03-1997 Rupees
Over six months .....	—	—
Others .....	<b>28,91,921</b>	—
	<b>28,91,921</b>	—

## SCHEDULE 6 — CASH & BANK BALANCES

	As at 31-03-1998 Rupees	As at 31-03-1997 Rupees
Cash on hand .....	<b>6,131</b>	5,923
Current Accounts with Schedule Banks .....	<b>17,61,789</b>	48,20,178
Fixed Deposit with Schedule Banks .....	<b>5,000</b>	5,000
	<b>17,72,920</b>	48,31,101

## SCHEDULE 7 — LOANS & ADVANCES

	As at 31-03-1998 Rupees	As at 31-03-1997 Rupees
Deposits .....	<b>12,35,520</b>	11,56,520
Advances recoverable in Cash or in kind or for value to be received .....	<b>19,70,230</b>	3,89,038
	<b>32,05,750</b>	15,45,558

## SCHEDULE 8 — SUNDRY LIABILITIES

	As at 31-03-1998 Rupees	As at 31-03-1997 Rupees
Sundry Creditors .....	<b>1,96,65,481</b>	5,20,060
Other Liabilities & Provisions .....	<b>4,58,89,002</b>	2,23,82,042
	<b>6,55,54,483</b>	2,29,02,102

## SCHEDULE 9 — PROVISION

	As at 31-03-1998 Rupees	As at 31-03-1997 Rupees
Provision for Taxation .....	<b>2,27,484</b>	2,25,973
(Net of Advance Tax of Rs. 28,87,340 — Previous Year Rs. 33,56,823)		
	<b>2,27,484</b>	2,25,973





## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 1998

### SCHEDULE 10

#### SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1998.

##### 1. Significant Accounting Policies:

###### (A) Accounting Convention

These financial statements are prepared on the historical cost convention and on accrual basis.

###### (B) Fixed Assets and Depreciation

(i) Fixed assets are stated at cost of acquisition including expenses incurred in connection with acquisition.

(ii) Depreciation is provided in the accounts on straight-line method in accordance with the provisions in Schedule XIV of the Companies Act, 1956.

(C) Preliminary Expenses and Deferred Revenue Expenses are amortized over a period of ten and five years respectively from the commencement of commercial operations.

(D) Company's contribution paid during the year to Provident Fund and Group Gratuity (Cash accumulation) Cum Life Assurance Scheme of Life Insurance Corporation of India should be charged to Profit and Loss Account. Presently the same is included in pre-operative expenditure.

2. Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advances) Rs. 8.30 Lac (Previous Year Rs. 1467.10 Lac).

3. As the Company is still in the process of setting up the project for transportation, handling and distribution of cement in bulk, no profit and Loss Account has been prepared.

However, a Statement of Capital Work-in-Progress and statement of pre-operative expenditure incurred during construction period (Refer Schedule 4) has been prepared in accordance with the disclosure requirement under Schedule VI Part II to the Companies Act, 1956. It is the Company's intention to capitalise a major part of the pre-operative expenses along with the assets in the year in which commercial operation begins.

While erection of project is substantially complete, performance tests are yet to be done following which the company expects to commence commercial production.

4. (a) Other Income during the year of Rs. 17,875/- (Previous Year Rs. 125/-) comprises of sale of used gunny bags and newspapers etc. the same has been shown as deduction from preoperative expenses pending allocation/capitalisation.

(b) Interest income accrued, on short term Bank deposits of the funds temporarily deployed by the Company, amounting to Rs. 27,057/- for the year, has been offered to tax during the year consistent with the practice followed in previous years. The interest earned (net of tax payment) has been, for the purpose of accounts been considered as deduction from pre-operative expenses.

(c) Pre-operative income of Rs. 28,91,921/-, includes Rs. 14,90,321/- being Railway Rebate and Rs. 14,01,600/- being the Service Charges for the bulk handling of cement on a trial basis.

5. Previous year's figures have been regrouped/re-arranged wherever necessary.

SIGNATURES TO SCHEDULES "1" TO "10"

For and on behalf of the Board,

Per our Report attached

For K. S. AIYAR & CO.  
Chartered Accountants

RAGHUVIR M. AIYAR  
Partner

Mumbai, May 27, 1998.

M. V. BADRINATH  
A. K. JAIN  
K. RAVINDRAN

Directors

D. H. BARIA  
Company Secretary

Mumbai, May 27, 1998.

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### 1) REGISTRATION DETAILS

Registration No. State Code

11-66679

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Balance Sheet Date

31-03-1998

### 2) CAPITAL RAISED DURING THE YEAR (Amount in Rs.)

Public Issue Rights Issue

Nil

Nil

Bonus Issue

Nil

Private Placement

Nil

### 3) POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs.)

Total Liabilities Total Assets

66,24,39,099

66,24,39,099

Sources of fund

Paid up Capital

18,69,00,700

Secured Loans

40,97,56,432

Reserves & Surplus

Nil

Unsecured Loans

Nil

Applications of funds

Net Fixed Assets

65,35,16,816

Investments

Nil

Net Current Assets

(57,911,376)

Misc. Expenditure

10,51,692

Accumulated Losses

Nil

### 4) PERFORMANCE OF COMPANY

Note:

The Company is in the process of setting up the project for transportation, handling and distribution of cement in bulk.

### 5) GENERIC NAME OF PRINCIPAL SERVICE OF THE COMPANY

Item Code (ITC Code)

NOT CLASSIFIED

Service Description

Transportation and  
Distribution of Bulk Cement

# Damodhar Cement & Slag Limited



## DIRECTORS' REPORT

TO THE MEMBERS OF DAMODHAR CEMENT & SLAG LIMITED

The Directors hereby present their Twentieth Annual Report on the business and operations of the Company and the Financial Accounts for the year ended March 31, 1998.

### 2.0 FINANCIAL RESULTS

	1997-98 Rs. Lac	1996-97 Rs. Lac
Sale of products and other income .....	5266.82	3126.31
Less : Expenditure other than Depreciation and Interest .....	4905.79	3442.76
Profit/(Loss) before Depreciation and Interest .....	361.03	(316.45)
Less: Depreciation .....	150.94	151.17
Interest .....	110.18	103.06
Profit/(Loss) before Tax, Extraordinary Item and Prior Period Items .....	99.91	(570.68)
Prior Period Items .....	(5.26)	(150.66)
Extraordinary Item - Interest Liability written back on waiver by Financial Institutions pursuant to BIFR Order .....	—	3771.21
Profit/(Loss) after Extraordinary Item and Prior Period Expenditure .....	94.65	3049.87
Provision for Taxation .....	(9.94)	(25.83)
Profit/(Loss) after Taxation and Extraordinary Items .....	84.71	3024.04
Transfer from Investment Allowance Reserve .....	—	0.54
Balance brought forward from previous year .....	(2418.02)	(6248.87)
Balance Profit /(Loss) .....	(2333.31)	(3224.29)
Less : Capital Reduction pursuant to BIFR Order .....	—	806.27
Balance carried forward to the next year's account .....	(2333.31)	(2418.02)

### 3.0 OPERATIONS DURING THE YEAR

- 3.1 Production of Cement during the year was 243987 MT as against 130673 MT during the year 1996-97. In its first full year of operation after the change in management, the Company was able to achieve 90% capacity utilisation.
- 3.2 Production of Wet Slag and Dry Slag were 149904 MT and 97577 MT respectively, as against 77720 MT and 23586 MT during the year 1996-97.
- 3.3 Sale of Cement during the year was 242773 MT ( including 841 MT of self consumption ) as against 133304 MT during 1996-97.
- 3.4 Certain major repairs to the Cement Mill had been carried out during the year which resulted in significant improvement in its output rate.

### 4.0 TURNOVER AND PROFIT

- 4.1 The Income for the year 1997-98 was Rs.5266.82 lac as compared to Rs.3126.31 lac during the previous year. The year witnessed an acute over supply of cement which resulted in cement prices being lower in all markets including the Company's traditional markets as compared to previous year, with its attendant effect on margins.
- 4.2 The Profit before Extraordinary item, Prior period items and Tax was Rs.99.91 lac as against loss of Rs.570.68 lac in the previous year. The Profit after Tax and Extraordinary/Prior period items was lower at Rs.84.71 lac as compared to Rs.3024.04 lac in the previous year mainly due to interest liability written back on waiver by Financial Institutions pursuant to BIFR Order in the previous year.

### 5.0 FUTURE PLANS

#### 5.1 Expansion of Capacity

The Cement grinding and despatch capacity is being expanded from the present 2.70 lac tonnes per annum to 5.25 lac tonnes per annum. The project work is underway and is expected to go on stream by August, 1998.

#### 5.2 Environment Management and Revamping of Machinery

Work on certain Pollution Control measures and revamping of some machinery are also underway and are expected to be completed by September, 1998.

#### 5.3 Extension of Ropeway

Permission has been granted by M/s Indian Iron & Steel Co.Ltd.(IISCO) for extension of Ropeway up to the Slag Granulation Plant of the Company so that Slag can be transported directly up to the factory premises at Madhukunda by ropeway. Preliminary work of tendering is in progress.

### 6.0 PERSONNEL

- 6.1 The Industrial Relations during the year under review had been by and large cordial barring sporadic incidents.

- 6.2 The Company had reached settlements with the recognised Unions for revision and rationalisation of wage structure concerning most of the employees and the same had been implemented.

### 7.0 PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

- 7.1 As required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies ( Disclosure of particulars in the Report of Board of Directors ) Rules 1988, the particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo are set out in the Annexure-'A' to the Directors' Report.

### 8.0 PARTICULARS OF EMPLOYEES

- 8.1 Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended regarding employees is given below:

Name	: Mr. G. Ghosal
Designation & Nature of Duties	: Managing Director
Remuneration Received	: Rs.3,88,490/-
Qualifications	: B.Sc (Engg), D.B.M.
Date of commencement of employment	: 10.9.96
Age in years	: 49
Last employment	: The Associated Cement Companies Limited

### 9.0 DIRECTORS

- 9.1 Consequent to the discharge of dues to Industrial Development Bank of India (IDBI), Mr. M. V. Badrinath, who had been its nominee Director, had resigned from the Board. The Board placed on record its appreciation for the valuable services rendered by Mr. Badrinath during his tenure of office.

- 9.2 In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, the following Directors retire by rotation and being eligible offer themselves for reappointment.

Mr. C.M. Bachhawat  
Dr. A.K. Chatterjee  
Mr. N.H. Italia

### 10.0 COST AUDIT

- 10.1 In terms of the requirements of the Companies Act, 1956 and Government's directive, the Board of Directors had appointed M/s D.Radhakrishnan & Co., Cost Accountants, to conduct Cost Audit of the Company's Cost Records for the financial year 1997-98.

### 11.0 AUDITORS AND AUDITORS' REPORT

- 11.1 The Company's Auditors, M/s Price Waterhouse, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. With reference to the qualifying remarks in the Auditors' Report, these have been appropriately dealt with in the relevant Note to the Accounts which is self explanatory.

### 12.0 ACKNOWLEDGEMENT

- 12.1 The Directors take this opportunity to express their grateful appreciation for assistance and cooperation received from the Board for Industrial and Financial Reconstruction, Central Government, Government of West Bengal, West Bengal Industrial Development Corporation Limited, IISCO, Banks and Financial Institutions. Your Directors also thank all the employees of the Company for their valuable service and support during the year.

For and on behalf of the Board,

M. M. RAJORIA  
CHAIRMAN

Calcutta, June 2, 1998.

**ANNEXURE 'A' TO DIRECTORS' REPORT**

Statement Pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988.

**(A) CONSERVATION OF ENERGY**

- (a) Energy conservation measures taken :  
— Capacitors Banks had been installed for improvement of Power Factor.
- (b) Additional investments and proposals, if any, being implemented for reduction of energy consumption:  
— Conversion of Grinding Media from Hyper Steel to Hi-chrome.
- (c) The impact of the measures at (a) to (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:  
— Savings in energy consumption and consequent reduction on the cost of production.
- (d) Total energy consumption and energy consumption per unit of production as per Form A.

**FORM A****Power and Fuel Consumption**

	Current Year			Previous year		
	Thousand Units (KWH)	Total Amount (Rs. Lac)	Rs. (per Unit)	Thousand Units (KWH)	Total Amount (Rs. Lac)	Rs. (per Unit)
1. Electricity						
(a) Purchased	14543	352.05	2.42	8382	260.35	3.10
(b) Own Generation through Diesel Generator	43	3.24	7.53	124	3.47	2.80
	Quantity (Thousand Tonnes)	Total Cost (Rs. Lac)	Average Rate (Rs/Tonne)	Quantity (Thousand Tonnes)	Total Cost (Rs. Lac)	Average Rate (Rs/Tonne)
2. Coal for Slag Drier	2.08	33.68	1619	0.28	3.59	1282
	Quantity (Kilo Litres)	Total Cost (Rs. Lac)	Rs. ( per Litre)	Quantity (Kilo Litres)	Total Cost (Rs. Lac)	Rs. ( per Litre)
3. Diesel Oil	103.60	8.67	8.37	37.67	2.45	6.50

**Consumption per Unit of Production**

	Current Year	Previous Year
(a) Electricity KWH/T Cement	60	64
(b) Coal/T. of Dried Slag (M.T.)	0.02	0.01

**(B) TECHNOLOGY ABSORPTION**

- There was no Research and Development (R&D) activity nor any absorption, adaptation and innovation in technology carried out by the Company.

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO**

- There was no Foreign Exchange earnings or usage by the Company during the year.

For and on behalf of the Board,

**M. M. RAJORIA**  
CHAIRMAN

Calcutta, June 2, 1998



## AUDITORS' REPORT

### TO THE MEMBERS, DAMODHAR CEMENT & SLAG LIMITED

1. We report that we have audited the Balance Sheet of Damodhar Cement & Slag Limited as at 31st March, 1998 and the relative Profit and Loss Account for the year ended on that date, both of which we have signed under reference to the report.
2. In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and the Profit and Loss Account together with the notes thereon and attached thereto give in the prescribed manner the information required by the Companies Act, 1956 and also give respectively, subject to Note 5 on Schedule 17 regarding non-provision of certain tax liability to the extent indicated therein with corresponding effect on the year end net worth and the year's results, a true and fair view of the state of the Company's affairs as at 31st March, 1998 and its results for the year ended on that date.
3. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for our audit. In our opinion, proper books of account have been kept as required by law so far as appears from our examination of those books and the above mentioned accounts are in agreement therewith.
4. As required by the Manufacturing and Other Companies (Auditor's Report) Order 1988, issued by the Central Government and on the basis of such checks as we considered appropriate and according to the information and explanations given to us we further report that :
  - 4.1 The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets. The fixed assets of the company are physically verified by the management according to a phased programme designed to cover all the items over a period of three years. Pursuant to the programme, a physical verification was carried out during the year by the management and no material discrepancies were noticed on such verification.
  - 4.2 The Fixed Assets of the company have not been revalued during the year.
  - 4.3 The stocks of finished goods, stores, spare parts and raw materials of the Company at all its locations have been physically verified by the management during the year.
  - 4.4 In our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - 4.5 The discrepancies between the physical stocks and the book stocks, which have been properly dealt with in the books of account, were not material.
  - 4.6 In our opinion, the valuation of stocks of finished goods, stores, spare parts and raw materials has been fair and proper in accordance with normally accepted accounting principles and is on the same basis as in the earlier years.
  - 4.7 The Company has not taken any loans, secured or unsecured from companies, firms, and other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 or from any company under the same management as defined under Section 370(1B) of the Companies Act, 1956.
  - 4.8 The Company has not granted any loans, secured or unsecured to companies, firms and other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 or from any company under the same management as defined under Section 370(1B) of the Companies Act, 1956.
  - 4.9 The parties (employees) to whom loans or advances in the nature of loans have been given by the Company are repaying the principal amounts as stipulated and are also regular in the payment of interest wherever applicable.
  - 4.10 In our opinion, the internal control procedures are generally commensurate with the size of the Company and the nature of its business for purchase of stores, raw materials including components, plant and machinery, equipment and other similar assets and for sale of goods.
  - 4.11 In case of purchase of goods and materials aggregating Rs.2413 lac from a party and sale of goods and materials aggregating Rs.5130 lac to the same party, made during the year in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956, comparison for ascertaining reasonableness of the prices at which such transactions have been made was not possible since, as informed to us, there are no comparable market price/transactions for similar items, in the absence of alternative supplier/customer. There was no sale of service during the year in pursuance of contracts for arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956.
  - 4.12 The Company has a system of determining unserviceable or damaged stores, raw materials and finished goods on the basis of technical evaluation, and on the aforesaid basis, in our opinion, adequate amounts have been written off in these accounts.
  - 4.13 The Company has not accepted any deposits from the public.
  - 4.14 In our opinion, reasonable records have been maintained by the company for sale and disposal of scrap where applicable and significant. The Company has no by-product.
  - 4.15 In our opinion, the Company's present internal audit system is commensurate with its size and nature of business.
  - 4.16 On the basis of the records produced, we are of the opinion that, *prima facie*, the cost records and accounts prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 have been maintained. However, we are not required to and have not carried out any detailed examination of such accounts and records.
  - 4.17 The Company has regularly deposited, during the year, Provident Fund dues with the appropriate authorities. As informed to us by the Management, the Employees State Insurance Act, 1948 is not applicable to the Company.
  - 4.18 As at March 31, 1998 there were no amounts outstanding in respect of undisputed Income Tax, Wealth Tax, Customs Duty and Excise Duty which were due for more than six months from the date they became payable.
  - 4.19 During the course of examination of the books of account carried out in accordance with the generally accepted auditing practices, we have not come across any personal expenses which have been charged to the Profit and Loss Account, nor have we been informed of any such case by the management other than those payable under contractual obligations or in accordance with generally accepted business practice.
  - 4.20 As indicated in Note 2 on Schedule 17, the Company with a positive net worth since 31st March, 1997, is not a Sick Industrial Company within the meaning of Clause (c) of Section 3(1) of the Sick Industrial Companies (Special Provision) Act, 1985.

(P. LAW)  
Partner

For and on behalf of  
PRICE WATERHOUSE  
Chartered Accountants

Calcutta, June 2, 1998

**BALANCE SHEET AS AT MARCH 31, 1998**

		SCHEDULES		Previous Year Rs. Lac
		Rs. Lac	Rs. Lac	
<b>I. SOURCES OF FUNDS:</b>				
1. SHARE HOLDERS' FUNDS :				
(a) Share Capital .....	1	2756.67		2756.67
(b) Reserve & Surplus .....	2	550.22		606.00
			3306.89	3362.67
2. LOAN FUNDS :				
(a) Secured Loans .....	3	677.40		484.84
(b) Unsecured Loans .....	4	964.86		814.86
			1642.26	1299.70
3. TOTAL FUNDS .....		4949.15		4662.37
<b>II. APPLICATION OF FUNDS:</b>				
1. FIXED ASSETS :	5			
(a) Gross Block .....		4245.23		4233.38
(b) Less: Depreciation .....		1619.98		1413.26
(c) Net Block .....		2625.25		2820.12
(d) Capital Work in Progress .....		789.96		9.05
			3415.21	2829.17
2. CURRENT ASSETS, LOANS & ADVANCES				
(a) Inventories .....	6	920.23		717.93
(b) Sundry Debtors .....	7	52.42		56.64
(c) Cash & Bank Balances .....	8	7.93		8.72
(d) Other Current Assets .....	9	0.13		0.13
(e) Loans & Advances .....	10	293.11		227.24
		1273.82		1010.66
3. Less: CURRENT LIABILITIES & PROVISIONS				
(a) Liabilities .....	11	2035.33		1567.74
(b) Provisions .....	12	37.86		27.74
		2073.19		1595.48
4. NET CURRENT ASSETS .....			(799.37)	(584.82)
5. PROFIT & LOSS ACCOUNT .....			2333.31	2418.02
6. TOTAL .....		4949.15		4662.37
7. NOTES ON ACCOUNTS .....	17			

Schedules 1 to 12 and schedule 17 referred to above form an integral part of the Balance Sheet.  
This is the Balance Sheet referred  
to in our report of even date.

For and on behalf of the Board,

(P. LAW)  
Partner

For and on behalf of  
PRICE WATERHOUSE  
Chartered Accountants

M. M. RAJORIA  
Chairman

G. GHOSAL  
Managing Director

N. H. ITALIA  
Director

M. BALAJI  
Company Secretary &  
Finance Manager

Calcutta, June 2, 1998.

Calcutta, June 2, 1998.

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED  
MARCH 31, 1998**

		SCHEDULES		Previous Year Rs. Lac
		Rs. Lac	Rs. Lac	
<b>INCOME:</b>				
1. SALE OF PRODUCTS AND OTHER INCOME .....	13		5266.82	3126.31
<b>EXPENDITURE:</b>				
2. MANUFACTURING & OTHER EXPENSES .....	14		4905.79	3442.76
3. INTEREST .....	15		110.18	103.06
4. DEPRECIATION .....		206.72		206.95
5. LESS : TRANSFERRED FROM CAPITAL RESERVE .....		55.78		55.78
(Note 3 on Schedule 17)			150.94	151.17
			5166.91	3696.99
<b>PROFIT/(LOSS) BEFORE TAXATION, PRIOR PERIOD AND EXTRA-ORDINARY ITEMS .....</b>				
			99.91	(570.68)
6. PRIOR PERIOD ITEMS .....	16		(5.26)	(150.66)
7. EXTRAORDINARY ITEMS -Interest liability written back on waiver by the lending institution			—	3771.21
<b>PROFIT/(LOSS) BEFORE TAXATION .....</b>				
			94.65	3049.87
8. PROVISION FOR TAXATION				
a) For current year .....			(9.94)	—
b) In respect of earlier years			—	(25.83)
<b>PROFIT/(LOSS) AFTER TAXATION AND EXTRAORDINARY ITEMS .....</b>				
			84.71	3024.04
9. TRANSFER FROM INVESTMENT ALLOWANCE RESERVE			—	0.54
10. LOSS BROUGHT FORWARD FROM PREVIOUS YEARS			(2418.02)	(6248.87)
<b>BALANCE (LOSS) .....</b>				
			(2333.31)	(3224.29)
11. LESS : CAPITAL REDUCTION			—	806.27
<b>BALANCE CARRIED TO BALANCE SHEET</b>				
			(2333.31)	(2418.02)
12. NOTES ON ACCOUNTS .....	17			

Schedules 13 to 16 and schedule 17 referred to above form an integral part of the Profit and Loss Account.  
This is the Profit and Loss Account referred  
to in our report of even date.

For and on behalf of the Board,

(P. LAW)  
Partner

For and on behalf of  
PRICE WATERHOUSE  
Chartered Accountants

M. M. RAJORIA  
Chairman

G. GHOSAL  
Managing Director

N. H. ITALIA  
Director

M. BALAJI  
Company Secretary &  
Finance Manager

Calcutta, June 2, 1998.

Calcutta, June 2, 1998.



## SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE - 1 SHARE CAPITAL			
	Rs. Lac	Rs. Lac	Previous Year Rs. Lac
1. AUTHORISED - 1,46,59,400 Equity Shares of Rs. 4.50 each and 2,34,03,270 Equity Shares of Rs. 10 each (previous year 3,00,00,000 Equity Shares of Rs. 10 each) .....		3000.00	3000.00
2. ISSUED, SUBSCRIBED & PAID UP 1,46,59,400 Equity Shares of Rs. 10 each. Less: Capital reduction pursuant to BIFR Scheme .....	—	—	1465.94 806.27
1,46,59,400 Equity Shares of Rs. 4.50 each fully paid up .....		659.67	659.67
2,09,70,000 Equity Shares of Rs. 10 Each fully paid up .....		2097.00	2097.00
<b>TOTAL...</b>		<b>2756.67</b>	<b>2756.67</b>

Note : Of the above :  
1,31,93,453 Equity shares of Rs. 4.50 each fully paid up and 2,09,70,000 Equity shares of Rs. 10  
each fully paid up are held by The Associated Cement Companies Limited, the Holding Company.

SCHEDULE - 3 SECURED LOANS			
	Rs. Lac	Rs. Lac	Previous Year Rs. Lac
1. CASH CREDIT FROM BANKS .....	677.40	484.84	
(Secured by hypothecation of stocks and book debts, both present and future, ranking pari passu inter se.)			
<b>TOTAL...</b>	<b>677.40</b>	<b>484.84</b>	

SCHEDULE - 2 RESERVE & SURPLUS				
	Balance as at March 31, 1997	Addition	Deductions/ Adjustment	Balance as at March 31, 1998
	Rs. Lac	Rs. Lac	Rs. Lac	Rs. Lac
CAPITAL RESERVE				
(i) Capital Subsidy	15.00	—	—	15.00
(ii) Others	591.00	—	56.78*	535.22
<b>TOTAL...</b>	<b>606.00</b>	<b>—</b>	<b>55.78</b>	<b>550.22</b>

\*Refer Note 3 on Schedule 17.

SCHEDULE - 4 UNSECURED LOANS			
	Rs. Lac	Rs. Lac	Previous Year Rs. Lac
TERM LOANS :			
(a) Sales tax deferral under West Bengal Incentive Scheme, 1989 .....	581.86	581.86	
(b) Interest free loan from West Bengal Industrial Development Corporation Limited .....	233.00	233.00	
(c) Short Term Loan from West Bengal Industrial Development Corporation Limited (repayable within one year) .....	150.00	—	
<b>TOTAL...</b>	<b>964.86</b>	<b>814.86</b>	

SCHEDULE - 5 FIXED ASSETS										
	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at 31st March, 1997	Additions during the year	Sales/ Adjustment during the year	As at 31st March, 1998	As at 31st March, 1997	For the Year	On Sales/ Adjustment during the year	As at 31st March, 1998	As at 31st March, 1998	As at 31st March, 1997
	Rs. Lac	Rs. Lac	Rs. Lac	Rs. Lac	Rs. Lac	Rs. Lac	Rs. Lac	Rs. Lac	Rs. Lac	Rs. Lac
1. Land:										
a. Freehold	8.11	3.15	—	11.26	—	—	—	11.26	8.11	
b. Leasehold	99.44	—	—	99.44	65.79	9.94	—	75.73	23.71	33.65
2. Buildings on :										
a. Freehold Land	1308.08	—	—	1308.08	241.94	36.38	—	278.32	1029.76	1066.14
b. Leasehold Land	8.75	—	—	8.75	1.28	0.14	—	1.42	7.33	7.47
3. Plant and Machinery	1805.34	—	—	1805.34	671.68	93.82	—	765.50	1039.84	1133.66
4. Railway Siding	436.67	—	—	436.67	144.10	20.75	—	164.85	271.82	292.57
5. Aerial Ropeway	214.12	—	—	214.12	157.41	24.22	—	181.63	32.49	56.71
6. Electrical Installation	297.00	—	—	297.00	99.55	15.69	—	115.24	181.76	197.45
7. Vehicles	10.40	3.85	—	14.25	5.43	1.05	—	6.48	7.77	4.97
8. Office Equipment	29.22	1.03	—	30.25	12.46	2.64	—	15.10	15.15	16.76
9. Furniture and Fixture	16.25	3.82	—	20.07	13.62	2.09	—	15.71	4.36	2.63
<b>TOTAL</b>	<b>4233.38</b>	<b>11.85</b>	<b>—</b>	<b>4245.23</b>	<b>1413.26</b>	<b>206.72</b>	<b>—</b>	<b>1619.98</b>	<b>2625.25</b>	<b>2820.12</b>
Previous year	4229.24	8.64	4.50	4233.38	1209.74	206.95	(3.43)	1413.26	2820.12	3019.50
10. Capital Work-in-Progress (including in transit Rs.88.83 lac)									789.96	9.05
*Includes Rs.3.57 lac which is yet to be registered in the name of the Company.										

SCHEDULE - 6 INVENTORIES			
	Rs. Lac	Rs. Lac	Previous Year Rs. Lac
1. RAW MATERIALS (Including in transit Rs.81.04 Lac; — Previous year — Rs.6.87 Lac) — at Cost .....	424.24	354.23	
2. SEMI-FINISHED GOODS—at Lower of Cost and net realisable value .....	261.90	185.43	
3. FINISHED GOODS — at Lower of Cost and net realisable value .....	37.06	17.14	
4. COAL—at Cost .....	1.05	3.73	
5. PACKING MATERIALS—at Cost .....	2.08	6.94	
6. STORES AND SPARE (Including intrastit Rs. 0.87 Lac; Previous year — Rs. 2.48 Lac) — at Cost .....	192.77	150.33	
7. TOOLS AND TACKLES .....	1.13	0.13	
<b>TOTAL...</b>	<b>920.23</b>	<b>717.93</b>	

SCHEDULE - 7 SUNDRY DEBTORS			
	Rs. Lac	Rs. Lac	Previous Year Rs. Lac
1. UNSECURED			
(a) Over six months			
(i) Considered Good .....	52.42	56.64	
(ii) Considered Doubtful .....	85.38	85.38	
(b) Less : Provision for Doubtful Debts	85.38	85.38	
<b>TOTAL...</b>	<b>52.42</b>	<b>56.64</b>	





## SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE - 8 CASH AND BANK BALANCES		
	Rs. Lac	Previous Year Rs. Lac
1. CASH ON HAND .....	5.97	7.17
2. WITH SCHEDULED BANKS		
Current Account .....	1.96	1.55
<b>TOTAL...</b>	<b>7.93</b>	<b>8.72</b>

SCHEDULE - 9 OTHER CURRENT ASSETS		
	Rs. Lac	Previous Year Rs. Lac
1. UNSECURED, CONSIDERED GOOD		
Interest Accrued on deposit/advances .....	0.13	0.13
<b>TOTAL...</b>	<b>0.13</b>	<b>0.13</b>

SCHEDULE - 10 LOANS AND ADVANCES			
	Rs. Lac	Rs. Lac	Previous Year Rs. Lac
UNSECURED CONSIDERED GOOD, UNLESS OTHERWISE STATED			
1. ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED			
(a) Considered Good .....	172.27		159.11
(b) Considered Doubtful .....	62.54		33.61
	234.81		192.72
(c) Less : Provision for Doubtful Advances	62.54		33.61
	172.27		159.11
2. SECURITY AND OTHER DEPOSITS			
(a) Considered Good .....	1.65		0.74
(b) Considered Doubtful .....	6.85		7.10
	8.50		7.84
(c) Less : Provisions for doubtful deposits	6.85		7.10
	1.65		0.74
3. ADVANCE PAYMENT OF TAX .....	32.03		31.94
4. BALANCE WITH EXCISE AUTHORITIES .....	87.16		35.45
<b>TOTAL...</b>	<b>293.11</b>		<b>227.24</b>

SCHEDULE - 11 CURRENT LIABILITIES		
	Rs. Lac	Previous Year Rs. Lac
1. SUNDRY CREDITORS* .....	1600.62	1016.99
2. ADVANCE FROM CUSTOMERS & OTHERS	41.67	54.70
3. SECURITY DEPOSITS .....	56.75	58.22
4. DUES TO EMPLOYEES .....	64.86	92.59
5. OTHER LIABILITIES .....	271.43	346.24
<b>TOTAL...</b>	<b>2035.33</b>	<b>1567.74</b>

\*Includes Rs. 962.81 Lac (previous year Rs. 451.55 lac) due to The Associated Cement Companies Limited, Holding Company.

SCHEDULE - 12 PROVISIONS		
	Rs. Lac	Previous Year Rs. Lac
1. PROVISIONS		
(a) Taxation .....	33.79	23.85
(b) Leave Encashment .....	4.07	3.89
<b>TOTAL...</b>	<b>37.86</b>	<b>27.74</b>

## SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE - 13 SALES OF PRODUCTS AND OTHER INCOME			
	Rs. Lac	Rs. Lac	Previous Year Rs. Lac
1. SALES OF PRODUCTS (See note 11(A) of Schedule 17)		5129.62	3021.99
2. INTEREST			
(a) Bank (Tax deducted at source Rs. Nil, Previous year Rs. 0.05 lac) .....			0.32
(b) Others .....	0.13		0.02
		0.13	0.34
3. MISCELLANEOUS INCOME .....		5.42	0.86
4. PROFIT ON SALE OF FIXED ASSETS .....			0.73
5. LIABILITIES NO LONGER REQUIRED WRITTEN BACK			
(a) Doubtful/Advances			2.61
(b) Gratuity			47.69
(c) Miscellaneous Expenditure			52.09
(d) Electricity Duty & Surcharge	62.50		
(e) Raw Materials	62.17		
(f) Salary	6.98		
		131.65	102.39
<b>TOTAL...</b>		<b>5266.82</b>	<b>3126.31</b>

SCHEDULE - 14 MANUFACTURING AND OTHER EXPENSES			
	Rs. Lac	Rs. Lac	Previous Year Rs. Lac
1. RAW MATERIALS CONSUMED			
(a) Opening Stock .....	354.23		19.24
(b) Add : Purchases (including handling charges) .....	2938.33		1841.58
	3292.56		1860.82
(c) Less : Closing Stock .....	424.24		354.23
	2868.32		1506.59
2. PAYMENT TO AND PROVISIONS FOR EMPLOYEES			
(a) Salaries, Wages & Bonus .....	281.45		364.01
(b) Contribution to Provident and Other Funds .....	26.02		66.56
(c) Staff Welfare Expenses .....	15.10		14.20
	322.57		444.77
3. PACKING MATERIALS CONSUMED .....		216.86	129.16
4. OPERATION AND OTHER EXPENSES			
(a) Stores and Spares consumed .....	54.12		46.35
(b) Power and Fuel .....	403.94		283.50
(c) Rent .....	1.16		0.69
(d) Excise Duty .....	849.70		453.25
(e) Rates and Taxes .....	2.92		0.69
(f) Insurance .....	13.65		5.28
(g) Repairs To:			
(i) Plant and Machinery .....	79.32		42.05
(ii) Buildings .....	9.86		13.86
(iii) Others .....	40.86		12.80
(h) Other Production Expenses .....	47.80		41.23
(i) Tools and Tackles written off .....	0.63		0.08
(j) Travelling Expenses .....	12.41		7.14
(k) Motor Car Expenses .....	2.18		1.43
(l) Directors' Fees .....	0.01		0.01
(m) Sales Promotion and Publicity .....	0.16		0.52
(n) Telephone, Telex, Telegram and Postage	5.37		5.62
(o) Printing and Stationery .....	3.86		2.18
(p) Bad Debts/Advances written off .....	0.36		92.36
(q) Sales Tax .....			29.37
(r) Provision for Doubtful Debts/Advances/Deposits .....	31.69		96.14
(s) Miscellaneous Expenditure written off ..			77.12
(t) Miscellaneous Expenses .....	52.05		55.15
		1612.05	1266.82
5. (INCREASE)/DECREASE IN STOCKS			
(a) Opening Stock:			
(i) Semi-Finished Goods .....	185.43		224.83
(ii) Finished Goods .....	17.14		73.16
	202.57		297.99
(b) Closing Stocks:			
(i) Semi-Finished Goods .....	261.90		185.43
(ii) Finished Goods .....	37.06		17.14
	298.96		202.57
		(96.39)	95.42
6. ADJUSTMENT FOR OWN CONSUMPTION ON ACCOUNT OF CAPITAL JOBS, REPAIRS, ETC. ....		(17.62)	
<b>TOTAL...</b>		<b>4905.79</b>	<b>3442.76</b>



#### SCHEDULE - 15 INTEREST

	Rs. Lac	Previous Year Rs. Lac
(1) Term Loans .....	45.57	—
(2) Cash Credit from Banks .....	64.61	100.87
(3) Others .....	—	2.19
<b>TOTAL...</b>	<b>110.18</b>	<b>103.06</b>

#### SCHEDULE - 16 PRIOR PERIOD ITEMS — (DEBIT)/CREDIT

	Rs. Lac	Previous Year Rs. Lac
1. Raw Materials .....	(0.11)	(59.30)
2. Salaries and Wages .....	(0.20)	—
3. Stores and Packing Materials .....	(0.01)	(1.50)
4. Repairs and Maintenance .....	—	(0.90)
5. Power and Fuel .....	—	(71.90)
6. Selling Expenses .....	—	(0.97)
7. Transport Charges .....	—	(1.29)
8. Travelling Expenses .....	—	(0.22)
9. Other Expenses .....	(3.86)	(4.99)
10. Interest .....	(1.08)	(9.99)
<b>TOTAL...</b>	<b>(5.26)</b>	<b>(150.66)</b>

#### SCHEDULE - 17 NOTES ON ACCOUNTS

##### 1. SIGNIFICANT ACCOUNTING POLICIES

###### A. Sales

Sales are accounted on despatch of products.

###### B. Excise Duty

Excise Duties recovered are included in the sale of products. Excise Duty paid on despatches are shown separately as an item of Manufacturing and Other Expenses. Excise Duty liability on manufactured goods lying in factory premises is not provided for and also not included in the valuation of Finished Goods.

###### C. Accounting of Claims and Subsidies

- Claims receivable are accounted at the time of lodgement depending on the certainty of receipt and claims payable are accounted at the time of acceptance.
- Claims raised by Government Authorities regarding taxes and duties, which are disputed by the Company, are accounted based on the merits of each claim. Adjustments, if any, are made in the year in which disputes are finally settled.
- Subsidy receivable against an expense is deducted from such expense and subsidy/grant receivable against a specific fixed asset is deducted from the cost of the relevant fixed asset.
- Investment Subsidy not specifically related to a fixed asset is credited to Capital Reserve and retained till the requisite conditions are fulfilled.

###### D. Retirement Benefits

- Contribution towards Provident Fund is made on monthly basis to the appropriate Government Authority. Contribution towards Gratuity Fund is made to The Life Insurance Corporation of India under Group Gratuity Scheme on yearly basis, based on actuarial valuation. Contribution to Officers' Superannuation Fund is also made to The Life Insurance Corporation of India.
- Liability for Leave encashment is provided annually based on actuarial valuation.

###### E. Fixed Assets

- Fixed assets are stated at cost of acquisition or construction including interest and financial costs on specific loans till such assets are put to use - less specific grants/subsidies received.
- Depreciation is provided on the straight line method at rates and in the manner specified in Schedule XIV of the Companies Act, 1956.
- Cost of leasehold land is amortised over the period of 10 years from the date of commercial production irrespective of the period of the lease.

###### F. Expenditure During Construction Period

In case of new projects and substantial expansion of existing factory, expenditure incurred, along with the financing costs prior to commencement of commercial production is capitalised.

###### G. Inventories

- Finished goods and semi-finished goods are valued at cost or net realisable value whichever is lower.
- Raw materials, coal, packing materials and stores and spares are valued at cost. Cost is determined on a weighted average basis.
- Tools and tackles are written off over a period of three years.

###### H. Contingent Liabilities

Contingent liabilities are disclosed after a careful evaluation of the facts and legal aspects of the matter involved.

2. Upon reference made by the Company, the Board for Industrial and Financial Reconstruction (BIFR) vide its Order dated April 27, 1994 declared the Company as a Sick Industrial Company. BIFR, vide its Order dated August 16, 1996 sanctioned the Scheme of Revival/Rehabilitation, the implementation of which is in progress. As a result of availing some of the reliefs/concessions granted in the said Scheme during the financial year 1996-97 the net worth of the Company had become positive since the end of that year (i.e. 31st March, 1997) and, accordingly, it ceased to be a Sick Industrial Company within the meaning of clause (O) of Section 3(1) of the Sick Industrial Companies (Special Provisions) Act, 1985. However, the Company has not yet been de-registered with the BIFR.

3. Interest liability in respect of Loans from Financial Institutions had been waived during the financial year 1996-97 pursuant to the Revival/Rehabilitation Scheme sanctioned by BIFR in August, 1996. This included a sum of Rs. 646.78 lac representing interest capitalised in earlier years which was transferred to Capital Reserve (Others) during the aforesaid financial year. As in the previous year, depreciation on the said amount has been transferred from Capital Reserve to Profit & Loss Account over the remaining life of the respective assets which for the current year worked out to Rs. 55.78 lac.

4. Excise duty on finished goods has been accounted on clearance thereof from the factory premises and accordingly, estimated Excise Duty liability Rs. 8.11 lac on finished goods lying in the factory premises at the year end has not been provided for in these accounts. This accounting treatment, however, has no impact on the profit for the year.

5. In terms of the Revival/Rehabilitation Scheme approved by the BIFR in August, 1996, no Income Tax is applicable on the interest waived by the Financial Institutions. However, consequent upon availing of certain reliefs and concessions (waiver of the aforesaid interest liability in particular) as indicated in note 2 above, the net worth of the Company had become positive and it had resulted in a book profit for the financial year 1996-97, whereby the question had arisen whether the provisions of Section 115 JA of the Income Tax Act, 1961, pertaining to the Minimum Alternate Tax (MAT) had become applicable. At the time of drafting of Revival/Rehabilitation Scheme, the provision of Section 115 JA of the Income Tax Act, 1961, as amended to date were not on the statute and the rehabilitation package never envisaged a situation where the Company would be forced to pay tax on the credit arising mainly due to waiver of interest. The Company has approached, during the financial year 1997-98, BIFR to revise the Rehabilitation Scheme and for recommending the waiver of applicability of the provisions of Section 115 JA to the Company for the Assessment Year 1997-98 so that the revival of the Company does not get affected adversely. Pending receipt of the communication from BIFR in this regard, the Company has not provided for any liability for MAT pertaining to the financial year 1996-97. Had the aforesaid liability for MAT been provided, the year end accumulated losses carried forward in the Balance Sheet would have been higher by Rs. 242 lac with corresponding unfavourable effect on the year's result.

	For the year ended March 31, 1998	For the year ended March 31, 1997
6. Managing Director's Remuneration (included in Schedule - 14)	Rs. Lac	Rs. Lac
Salaries .....	3.20	1.62
Other Benefits .....	1.13	0.33
	<b>4.33</b>	<b>1.95</b>

	For the year ended March 31, 1998	For the year ended March 31, 1997
7. Stores consumption included under other heads of account is as follows :—	Rs. Lac	Rs. Lac
i) Repairs to —		
(a) Plant and Machinery .....	69.32	36.97
(b) Building .....	2.41	2.01
(c) Others .....	10.70	4.66
(ii) Power and Fuel .....	1.64	2.45
(iii) Motor Car Expenses .....	0.73	0.69
<b>TOTAL...</b>	<b>84.80</b>	<b>46.78</b>

	For the year ended March 31, 1998	For the year ended March 31, 1997
8. Contingent liabilities not provided for :—	Rs. Lac	Rs. Lac
(i) Claims against the Company not acknowledged as debts .....	278.03	330.00
(ii) Income Tax matters contested in appeals .....	11.35	11.35
(iii) Sales Tax matters contested in appeals .....	208.06	—

	For the year ended March 31, 1998	For the year ended March 31, 1997
9. Estimated amounts of contracts remaining to be executed on capital accounts not provided for (net of advances) Rs. 525.84 lac: (Previous year — Rs. 17.00 lac)	Rs. Lac	Rs. Lac
10. Miscellaneous expenses include amounts paid/payable to Auditors on account of —		
(i) Audit fees .....	0.65	0.40
(ii) Tax Audit fees (including for earlier years Rs. 0.20 lac, previous year Nil) ..	0.40	—
(iii) Cost Audit fees .....	0.10	0.05
(iv) Reimbursement of Expenses .....	0.15	—
	<b>1.30</b>	<b>0.45</b>

11. Information pursuant to provisions of paragraphs 3, 4C and 4D of Schedule VI to the Companies Act, 1956

(A) Sales	Unit	1997-98		1996-97	
		Quantity	Rs. Lac	Quantity	Rs. Lac
(i) Cement	Tonnes	241932 **	5129.62	133304.00	2852.77
(ii) Dry Slag	"	—	—	1212.00	5.15
(iii) Wet Slag	"	—	—	34966.00	64.07
			5129.62 *		3021.99
* Includes Excise Duty			846.77		466.56

\*\* Excluding own Consumption of cement of 841 tonnes valued at Rs. 7.62 lac (Previous year - Nil) for Capital jobs, repairs etc.

(B)	Details of raw materials consumed		For the year ended March 31, 1998		For the year ended March 31, 1997	
		Unit				
			Quantity	Rs. Lac	Quantity	Rs. Lac
(i)	Clinker	Tonnes	133505.00	2417.79	78797.00	1282.54
(ii)	Gypsum	"	9411.00	148.56	6088.00	81.60
(iii)	Slag	"	166767.00	301.97	81664.00	142.42
(iv)	Others	"		—	—	0.03
				2868.32		1506.59



C) Particulars in respect of Licensed and Installed Capacities, production etc.		Licensed Capacity per annum	Installed Capacity per annum as at 31st March as certified by the management.		Actual Production	
Unit			1998	1997	1997-98	1996-97
Cement	Tonnes	Does not come under the purview of Licensing provisions of Industries (Development & Regulation) Act, 1951	270000	270000	243987	130673

D) Particulars in respect of Opening and Closing Stocks of Finished Goods.		Opening Stocks as at April 1, 1997		Closing Stocks as at March 31, 1998	
Unit	Quantity	Rs. Lac	Quantity	Rs. Lac	Quantity
Cement	Tonnes	1103.00	3734.00	73.16	2317.00

E) Value of Imported and Indigenous Raw Materials, Stores and Spare Parts consumed —		Raw Materials		Stores and Spare	
	1997-98 Rs. Lac	%	1996-97 Rs. Lac	%	1997-98 Rs. Lac
(i) Imported	—	—	—	—	—
(ii) Indigenous	2868.32	100.00	1506.59	100.00	138.92
	2868.32	100.00	1506.59	100.00	138.92

12. Previous year's figures have been regrouped and rearranged wherever necessary.

Signature to Schedules 1 to 17

For and on behalf of the Board,  
M. M. RAJORIA  
Chairman  
G. GHOSAL  
Managing Director  
M. BALAJI  
Company Secretary & Finance Manager  
N. H. ITALIA  
Director  
Calcutta, June 2, 1998.

**Statement Pursuant to Part IV of Schedule VI to the Companies Act, 1956****Balance Sheet Abstract and Company's General Business Profile****I. Registration Details**

Registration No.

3 1 2 3 3

Balance Sheet Date

3 1 0 3 9 8

State Code

2 1

**II. Capital Raised during the year (Amount in Rs. Thousands) (Face Value)**

Public Issue

N I L

Bonus Issue

N I L

Right issue

N I L

Private Placement

N I L

**III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)**

Total Liabilities\*

7 0 2 2 3 4

**SOURCES OF FUNDS**

Paid-up Capital

2 7 5 6 6 7

Secured Loans

6 7 7 4 0

**APPLICATION OF FUNDS**

Net Fixed Assets

3 4 1 5 2 1

Net Current Assets

- 7 9 9 3 7

Accumulated Losses

2 3 3 3 3 1

Total Assets

7 0 2 2 3 4

Reserves &amp; Surplus

5 5 0 2 2

Unsecured Loans

9 6 4 8 6

Investments

N I L

Misc. Expenditure

N I L

**IV. Performance of Company (Amount in Rs. Thousands)**

Turnover\*\*

5 2 6 6 8 2

Profit/(Loss) before tax

+ 0 9 4 6 5

Earning per Share (in Rs.)

0 . 3 1

Total Expenditure\*\*\*

5 1 6 6 9 1

Profit/(Loss) after tax

+ 0 8 4 7 1

Dividend Rate (%)

N I L

**V. Generic Name of Three Principal Products/Services of the Company (as per monetary terms)**

Items Code No. (ITC Code)

2 5 2 3 0 0

Product Description

C E M E N T

\* Including Share Holders' Fund

\*\* Including Other Income but excluding Extraordinary Items.

\*\*\* Excluding Prior Period/Extraordinary Items.



## THE ASSOCIATED CEMENT COMPANIES, LIMITED

Registered Office : Cement House, 121, Maharshi Karve Road, Mumbai 400 020.

### PROXY FORM

I/We ..... of .....  
being a Member/Members of THE ASSOCIATED CEMENT COMPANIES, LTD. hereby appoint  
.....  
of ..... or failing him .....  
of ..... or failing him .....  
of ..... as my/our Proxy to attend and vote for me/us  
and on my /our behalf at the SIXTY-SECOND ANNUAL GENERAL MEETING of the said Company to be held at  
3.45 p.m. on 25th August, 1998 and at any adjournment thereof.

Signed this ..... day of ..... 1998.

Signature(s) of the Shareholder(s) .....

Affix 30 P  
Revenue  
Stamp

N. B. (i) This form must be deposited at the Registered Office of the Company, not later than 48 hours before the time of the Meeting.

(ii) A PROXY NEED NOT BE A MEMBER.

## THE ASSOCIATED CEMENT COMPANIES, LIMITED

Registered Office : Cement House, 121, Maharshi Karve Road, Mumbai 400 020.

### ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall

I hereby record my presence at the SIXTY-SECOND ANNUAL GENERAL MEETING held at The Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020 on 25th August, 1998 at 3.45 p.m.

FOLIO NO. ....

Full Name of the Shareholder  
(in block letters)

Signature

\* Full Name of Proxy  
(in block letters)

Signature

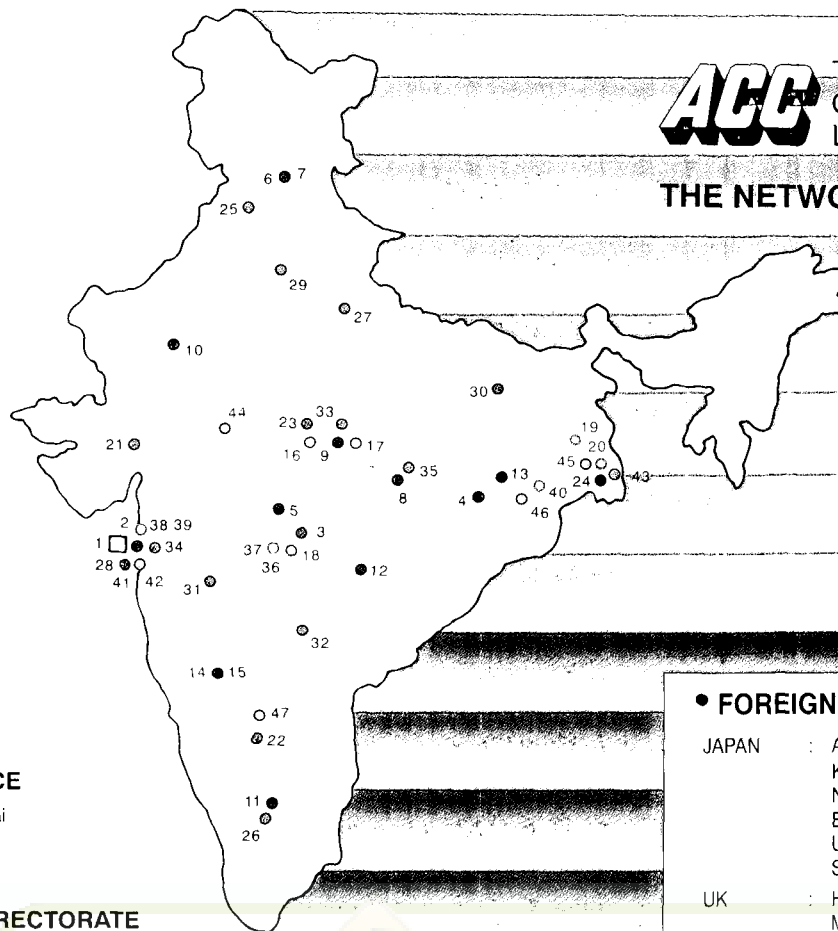
\* (To be filled in if the Proxy attends instead of the Member)

Report  Junction.com



The Associated  
Cement Companies  
Limited

## THE NETWORK



### □ CORPORATE OFFICE

1. Cement House, Mumbai (Maharashtra)

### ● RESEARCH AND CONSULTANCY DIRECTORATE

2. Central Research Station, Thane, (Maharashtra) 1965
3. GEM Logistics Base, Nagpur (Maharashtra) 1996

### ● CEMENT PLANTS

4. Chaibasa (Bihar) 1947  
Capacity: 6.12 LT
5. Chanda (Maharashtra) 1970  
Capacity: 6.81 LT
6. Gagal I (HP) 1984  
Capacity: 9.63 LT
7. Gagal II (HP) 1994  
Capacity: 13.42 LT
8. Jamul (MP) 1965  
Capacity: 15.84 LT
9. Kymore Mehgaon (MP) 1995  
Capacity: 9.60 LT
10. Lakheri (Rajasthan) 1917  
Capacity: 4.45 LT
11. Madukkarai (Tamil Nadu) 1934  
Capacity: 8.09 LT
12. Mancheri (AP) 1958  
Capacity: 3.31 LT
13. Sindri (Bihar) 1955  
Capacity: 3.05 LT
14. Wadi I (Karnataka) 1968
15. Wadi II (Karnataka) 1982

} Capacity  
20.47 LT

### ○ REFRACTORIES

16. Katni Refractories (MP) 1946
17. Kymore Refractories (MP) 1992
18. Nagpur Refractories (Maharashtra) 1995

### ○ ADVANCED MATERIALS

19. Synthetic Ferric Oxide Plant, Falta (WB) 1995
20. Dylun Demonstration Centre, Salt Lake City, Calcutta (WB) 1998

### ● REGIONAL MARKETING OFFICES

21. Ahmedabad
22. Bangalore
23. Bhopal
24. Calcutta
25. Chandigarh
26. Coimbatore
27. Kanpur
28. Mumbai
29. New Delhi
30. Patna
31. Pune
32. Secunderabad

### ○ TRAINING INSTITUTES

33. Sumant Moolgaokar Engineering Institute (formerly KEI) Kymore (MP)
34. Technical & Management Training Centre, RCD, Thane (Maharashtra)
35. Regional Training Centre (World Bank/Danida) Jamul (MP)

### ○ SUBSIDIARIES

36. ACC Machinery Company Ltd Nagpur (Maharashtra)
37. ACC-Nihon Castings Ltd (ANCL) Nagpur (Maharashtra)
38. The Cement Marketing Company of India Ltd, Mumbai (Maharashtra)
39. Bulk Cement Corporation (India) Ltd Mumbai (Maharashtra)
40. Damodhar Cement & Slag Ltd Madhukunda (WB)

### ● FOREIGN COLLABORATIONS

- |           |  |
|-----------|--|
| JAPAN     | Asahi Glass Company Ltd<br>Kobe Steel Ltd,<br>Nihon Cement Company Ltd<br>Bridgestone Corporation<br>Unozawa-Gumi Iron Works<br>ShinMaywa Industries |
| UK        | Hiltek Materials Ltd<br>Midland Tyre Machinery Co Ltd  |
| BELGIUM   | Eternit SA   |
| GERMANY   | Refratechnik GmbH<br>Intocast GmbH<br>Siemens + Matsushita<br>Components GmbH & Co KG  |
| USA       | Research Cottrell Companies Inc<br>International Steel Services Inc (IROX/NKK, Japan)<br>Alcoa<br>Advanced Refractory Technologies, Inc              |
| FRANCE    | Terres Refractaires<br>du Boulonnais (TRB)   |
| AUSTRALIA | The RTZ Corporation Plc - CRA Limited  |
| IRAN      | Fars + Khuzestan Cement Company  |
| DENMARK   | Scan-form Building Systems Ltd   |

### ○ ASSOCIATES

41. Eternit Everest Ltd Mumbai (Maharashtra)
42. Floatglass India Ltd Mumbai (Maharashtra)
43. Alcoa-ACC Industrial Chemicals Ltd Calcutta (WB)
44. Bridgestone ACC India Ltd Indore (MP)
45. International Ferrites Ltd (IFL) Kalyani (WB)
46. Tata-Robins-Fraser Ltd (TRF) Jamshedpur (Bihar)
47. ACC-Rio Tinto Exploration Ltd, Bangalore (Karnataka)

### ● OVERSEAS

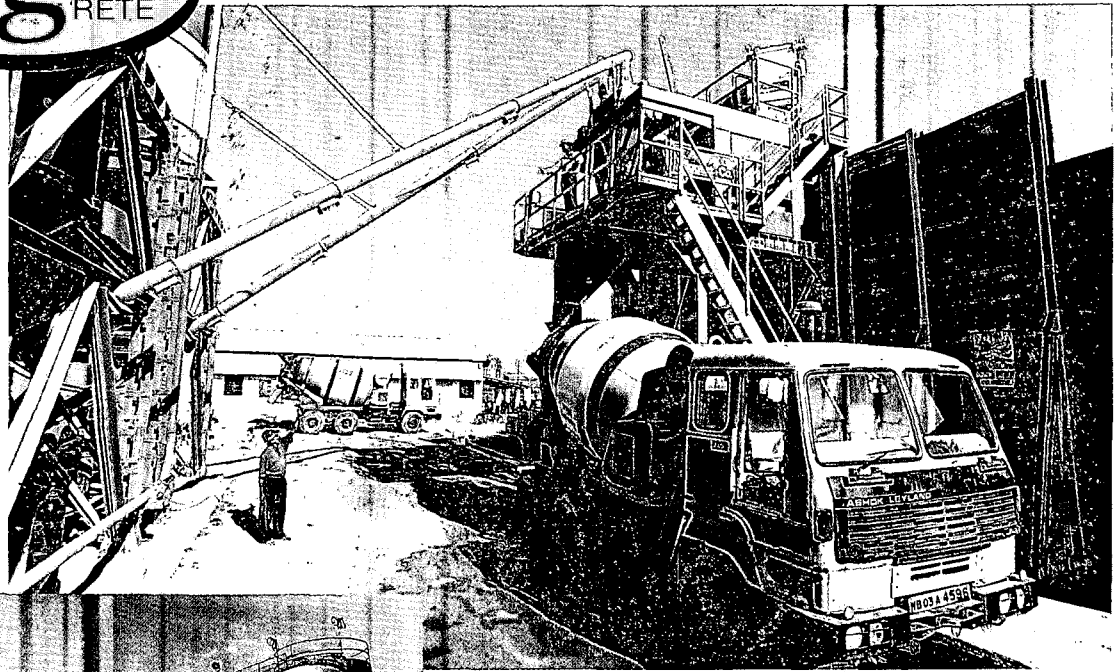
- Yanbu Cement Co (KSA)  
Gandil Agricultural Co Ltd (Sudan)  
Iran and India Cement  
Engineering Consultants Co  
PJS Tehran, Iran

(Map not to scale)

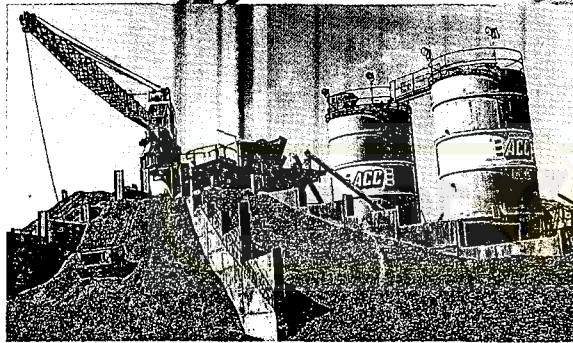




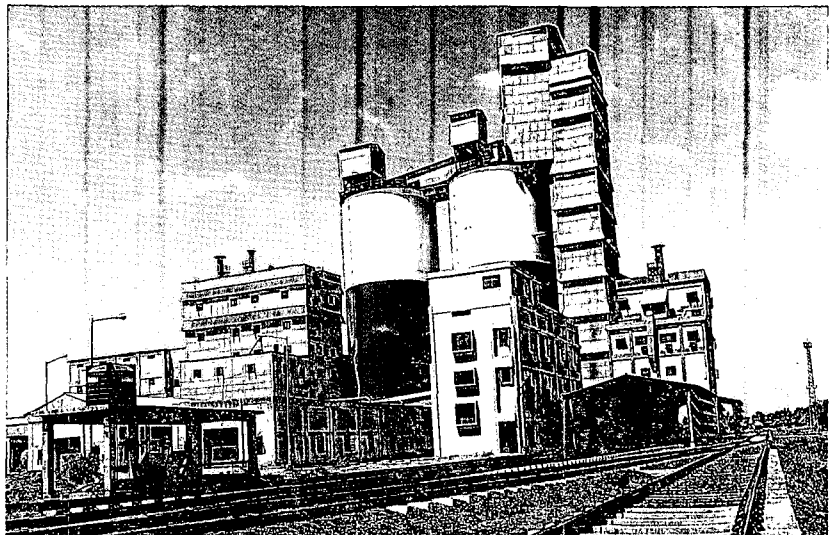
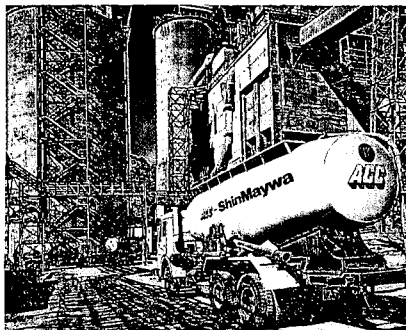
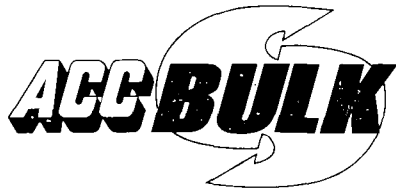
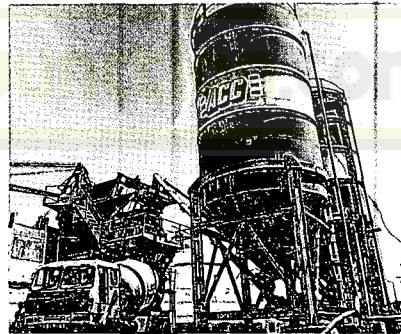
## Ready mixed concrete (RMC)



*Above RMC at Haldia site, West Bengal*



*RMC batching and mixing plant above, and loading transit mixer right -- both at Kalamboli, Navi Mumbai*



*The ACC bulker left, and plant at Kalamboli, Navi Mumbai, with its own railway siding right*